

ABSTRACT

Title of Dissertation: AGRICULTURE, TRADE, AND DEVELOPMENT IN THE INTERNATIONAL POLITICAL ECONOMY: A CASE STUDY OF JAMAICA

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This project hypothesizes that Jamaica should be more developed given its natural and human resource endowment. In light of Jamaica's agricultural underdevelopment, the project utilizes an agricultural framework to assess the processes by which politico-economic forces have shaped development in Jamaica and the larger Caribbean since independence. The project conjectures that both externally-driven and domestically motivated forces have impeded Jamaica's development and investigates the extent to which these forces have forestalled national development. In so doing, the research tests the validity of the following competing theories of development for Jamaica: neoliberalism and dependencia.

The Jamaican experience is highlighted as a case study that is representative of and generalizable to the Caribbean at large. As the Caribbean country that is arguably the most structurally adjusted in the region, with significant ties to the United States, the Jamaican experience can be viewed in the (dominant) neoliberal paradigm as the "best case scenario" for development in the region, one that should have "made it." As Elsie Le Franc (1994) stated, "one can always identify 'winners' and 'losers' in any situation of change, but it is necessary to try to tackle that more difficult issue of whether or not any identifiable winners can function, and most important, expand in a market economy." The research therefore demonstrates how structural adjustment conditionalities; bilateral, regional, and multilateral trade realities; limited

investment into local agriculture; and overall domestic apathy and lack of agricultural reform have played out in what has been argued to be a model case for socioeconomic expansion, and how they have shaped that country's development and options in our rapidly globalizing market economy. The project's research findings reveal the conception of development, neoliberal or dependency, that is more relevant to Jamaica's experience. Finally, recognizing that mainstream strategies of development have not eradicated the problems of Caribbean underdevelopment, the project proposes an alternate model of development that reflects the voice of all segments of society and has at its core a strong state that fosters technological innovation, encourages export diversification, and channels investment to improve Jamaica's production, productivity, and competitiveness in the international political economy.

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INTERNATIONAL POLITICAL ECONOMY:
A CASE STUDY OF JAMAICA**

by

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My aim is to sketch a total analysis of contemporary Jamaican society; to suggest the ways in which political, economic and social relationships, and actors' models, are articulated with each other in a changing and dynamic fashion. A hopeless task, and one for which I am not properly equipped. Yet a task that must be attempted; the alternative is to be merely academic, for the sign of the merely academic is its distance from the complexities of real life.

Adam Kuper, *Changing Jamaica*

Now what is my position? What is the position of all of us because we fall in the category of the black West Indian intellectual, a privilege in our society? What do we do with that privilege? The traditional pattern is that we join the Establishment, the black educated man in the West Indies is as much a part of the system of oppression as the bank managers and the plantation overseers...How do we break out of this Babylonian Captivity?...[T]he intellectual, the academic, within his own discipline, has to attack those distortions which...imperialism [has] produced in all branches of scholarship.

Walter Rodney, *The Groundings with my Brothers*

Throughout history, it has been the inaction of those who could have acted; the indifference of those who should have known better; the silence of the voice of justice when it mattered most, that has made it possible for evil to triumph.

Haile Selassie

Chapter 1 Introduction

GROW ECONOMY! Grow! But the economy won't grow! What makes economies grow, flourish and prosper?...Inflation has been tamed, the Net International Reserves are bulging, the Bank of Jamaica intervenes from time to time to save the dollar But a bright, vibrant, healthy, entrepreneurial people, blessed with abundant resources of many kinds can't seem to get it together and build a strong, productive economy. Something is fundamentally wrong.

Martin Henry, Values and Attitudes and the Economy, *Jamaica Gleaner*, 10 April 2003

Agriculture is central to the development promise of this [Doha] trade round for two reasons. Most of the world's poor work in agriculture and most of the world's protectionism is directed at agriculture. Some 70 per cent of the world's poor live in rural areas and earn their income from agriculture.

Global Economic Prospects 2004, World Bank

We frequently hear supposedly well-informed commentators and luncheon and dinner speakers saying that developing countries like Jamaica should concentrate on increasing production, removing obstacles to private sector investment, liberalise, maintain a realistic exchange rate and increase exports while pursuing 'sound macroeconomic policies'. Once these occur, they posit growth and development would automatically take place. When others point to the constraints which are imposed by the international economic system and multilateral institutions, this is dismissed as "making excuses for underperformance". The reason why some Third World countries don't grow, these persons say, is that their Governments are corrupt, inefficient and irresponsible, more intent on blaming external forces than accepting culpability for their misdeeds.

Ian Boyne, Ja, Cancun, and the Int'l Economy, *Jamaica Gleaner*, 14 September 2003

Overview

This research project addresses the relationship that exists between agriculture, trade, and socioeconomic development. The project employs as a case study, Jamaica, a natural resource economy in which agriculture figures prominently as one of the country's leading employers, a historically significant contributor to gross domestic product (GDP), and a key element of rural development.¹ The research question at issue in this project is why despite Jamaica's natural and human resource capacity and agricultural potential the country is still so poor. According to the economic

¹ Agriculture employs approximately 25 percent of Jamaica's population. In 2002, agriculture constituted 6.6 of total real GDP, a drop from 7.3 percent in 2001. From 1997 to 2000 agriculture's contribution to GDP was 7.9 percent, 7.8 percent, 8.0 percent, and 7.0 percent respectively. See PIOJ 2003, Chapters 3 and 8.

development literature, agricultural development is essential to countries' overall growth and advancement. This is especially so for developing natural resource economies like Jamaica where a large percentage of the population depends on agriculture for their income, livelihood, and sustenance. According to Bruce Johnston and John Mellor, two features distinguish the agricultural sector in developing countries and the role it plays in economic growth.² Firstly, agriculture is a leading employer in these countries and a major source of industry. However, although these countries—Jamaica included—commit a large amount of resources, mainly land and labor, the resources are used at low levels of productivity and therefore produce meager output and inadequate income. Secondly, many developing countries have de-emphasized agriculture to provide capital to other seemingly more promising sectors. Johnston and Mellor term this phenomenon the “secular decline” of agriculture in favor of higher-income activities intended to catapult per capita incomes GDP. In the case of Jamaica, agriculture has been de-emphasized to leverage bauxite/alumina and tourism. Ironically, the secular decline of agriculture in Jamaica has not produced the kind of structural transformation Johnston and Mellor predicted. If anything, Jamaica seems worse off with severely diminished food security, ubiquitous tracts of mined-out unproductive land, and a tourist industry that is so susceptible to external shocks that it cannot be counted on long-term as a sustainable source of national revenue. Not only has Jamaica's agricultural production, productivity, and competitiveness declined precipitously, after four decades of independence Jamaica remains a primary commodity producer that is highly dependent on its metropolitan trading partners for everything from inputs, financing, to markets.

² Bruce F. Johnston and John W. Mellor, “The Role of Agriculture in Economic Development,” *The American Economic Review* 51, 4 (September 1961): 566-593.

Agriculture is vital to Jamaica's future if for nothing else because it has been the country's economic mainstay for over 600 years, still employs over one-quarter of the population, and has important backward and forward linkages to other sectors. As such, no study of Jamaica's development—or lack thereof—would be complete without consideration of agriculture.

In view of the importance of agriculture to socioeconomic development, the project spotlights Jamaica's agricultural sector as the framework for analyzing the reasons for the country's relative underdevelopment and poor performance given Jamaica's natural factor endowment and comparative advantage in agriculture, Jamaica's longtime integration in world agricultural trade, and the promise agriculture posed for Jamaica's post-independence growth and development vis-à-vis the international economic system. In essence, the project targets Jamaica's agricultural sector as the internal context in which to evaluate the reasons for the country's economic stagnation. To explore the effect of both international and domestically motivated forces, the project examines the ways in which external and internal politico-economic forces have shaped agricultural development in Jamaica and the larger Caribbean over the past 30 years. Given Jamaica's natural factor endowment of fertile soil, abundant water stocks, and year-round warm weather in combination with a large labor force in need of work, it is ideally suited for production of a number of agricultural products. Indeed, over its history, Jamaica has been a leading producer and exporter of some of the world's most highly demanded products such as sugar, bananas, coffee, tobacco, even marijuana (aka ganja in Jamaican vernacular). Because Jamaica is a natural resource economy, these products have constituted the country's principal exports on world markets. However,

contrary to the rewards promised by the theory of trade by comparative advantage, Jamaica's agricultural potential has not been fully maximized, nor has Jamaica developed to the extent that Adam Smith, the originator of that theory, would have predicted. On the contrary, Jamaica, like many of its Caribbean neighbors, is poor and underdeveloped despite its natural factor endowment, strong agricultural exports that are popular worldwide, considerable mineral reserves, and human resource capacity. This research asks why and begs the question of whether today's neoliberal trade/finance regime, with all its supposed benefits for individual nation states and the international system of states, is working for developing countries like Jamaica operating within that regime. This research probes the reasons for Jamaica's agricultural decline, and with it national underdevelopment, and proposes possible explanations. Hypotheses for Jamaica's continued poverty and underdevelopment are outlined below.

Hypotheses

One possible explanation for Jamaica's underdevelopment is the deleterious impact of external pressures that have retarded development from without. These forces include, among others: the country's colonial legacy of plantation economy; too-rapid trade liberalization under World Bank-International Monetary Fund (IMF) mandated structural adjustment lending; rich country agricultural subsidies, tariff barriers, and food dumping; and bilateral preferential trade arrangements that fostered dependency in Jamaica and retarded its development. These forces played significant roles in Jamaica's post-independence evolution as a sovereign state. Indeed, there is much controversy about the extent to which these forces facilitated—or, alternatively, stymied—this

evolution, thus no analysis of the country's development would be complete without investigation of the specific effect(s) each has had therein. The following hypothesis will therefore be evaluated:

H1: External factors retarded Jamaica's development by exacerbating the colonial plantation economic legacy of underdevelopment and associated dependent development.

H1a: Structural adjustment lending retarded Jamaica's development by skyrocketing the country's debt and debt service obligations, which diminished reinvestment into the economy; by pushing increasingly large numbers of small farmers off the land and into urban unemployment; and by entrenching the emphasis on export-led development based on select primary exports to the detriment of cultivating full agro-industrial capacity fundamental to developed country economies and attaining food security.

H1b: Multilateral and bilateral trade arrangements retarded Jamaica's development by discriminating against processed exports that would increase Jamaica's value-added, thereby discouraging the full maximization of Jamaican agro-industry; by protecting developed country market hegemony in not penalizing the perpetuation by those countries of high tariff barriers to products of developing country export interest; and by attacking the preferential trade arrangement (PTA) as antithetical to the "free" trade regime, forcing a challenge to the premise that developing countries, by nature of their underdevelopment, are entitled to special and differential (S&D) treatment while transitioning to the "free" trade regime.

H1c: Rich country agricultural subsidies, domestic and export, encourage overproduction of surpluses that are "dumped" in poor countries like Jamaica under the guise of food aid or sold at artificially low prices that undermine domestic production, productivity, and competitiveness.

Another possible explanation for Jamaica's underdevelopment is the harmful impact of domestically motivated forces that have impeded development from within. These forces breed inefficiency and degenerative instability which undermine economic growth and development and include, among others: weak institutions in both the public and private spheres; inadequate and/or inappropriate use of technology; poor farming infrastructure, especially roads for transporting goods from farmgate to market; private sector apathy and dependence on government to mobilize growth; and tribal politics

based on clientelism and rent-seeking, which has entrenched the retardate plantation economy in Jamaica. Each force is common to developing, post-colonial, natural-resource economies. Jamaica is no exception. In light of the negative effect such forces can have on national economic performance, they must be considered in any analysis of a country's development so as to not unfairly target external forces. The following hypothesis will therefore be evaluated:

H2: Domestically motivated forces impeded Jamaica's development from within by perpetuating the colonial plantation economic legacy of underdevelopment and associated dependent development.

H2a: Tribal politics and clientelism impeded Jamaica's development by allowing business elites to co-opt government to further their middle/upper class agenda which typically coincided with the interests of international business, not the interest of the Jamaican masses, many of whom are small farmers.

H2b: Apathetic and complacent dependence on PTAs for their guaranteed high price points for primary commodity exports precipitated quota shortfalls and discouraged innovation and expansion into higher value production.

H2c: Weak institutions, manifested in a dearth of transformative agricultural reform projects and initiatives and in pervasive bureaucratic inefficiencies and malfeasance, impeded Jamaica's development.

A final explanation for Jamaica's economic problems is the existence in Jamaica of embedded structures of underdevelopment that are attributable to both externally-driven and internally-motivated forces. These include, among others: Jamaica's pervasive land inequality, stagnation of domestic agriculture, dependence on PTAs as export vehicles, high cost of capital which limits producer access to funds for retooling, and lack of agricultural diversification for both export and domestic consumption. The related hypothesis evaluated in the research is:

H3: Embedded structures of underdevelopment established by external forces and entrenched by domestic forces perpetuated the colonial plantation economic legacy of underdevelopment and associated dependent development

Given Jamaica's enduring poverty and underdevelopment, the research investigates whether the aforementioned external and domestically-motivated forces have in fact facilitated the country's agricultural underdevelopment and, by extension, its general underdevelopment vis-à-vis more advanced countries.

Development and development economics are hot topics of interest to both theoreticians and laypersons and have been so since the independence movements of the 1950s and 1960s in the Third World. Since that time, it has become glaringly obvious that the majority of people living in this part of the world—comprising roughly three-fourths of the world's people—live in conditions of extreme deprivation.³ Indeed, it seems as if many of these countries have not thrown off the yoke of colonization to build robust, autonomous national economies with thriving industries and enhanced societal well-being. These countries, particularly those in Africa and much of Latin America, remain poor and depend on metropolitan countries and international financial institutions for their very lifeblood in the form of loans and aid. As Michael Todaro explained,

[w]idespread poverty and growing income and asset inequalities, rapid population growth, low levels of literacy and nutritional intake, rising levels of urban unemployment and underemployment, stagnating agriculture and relative rural neglect, chronic foreign-debt problems, inadequate and often inappropriate educational and health delivery systems, inflexible institution and administrative structures, significant vulnerability to external economic, technological, and cultural forces of dominance and dependence, and the difficult choices regarding trade-offs between modernization and cultural preservation—these and other problems are pervasive and in fact often define the nature of underdevelopment in Third World nations.⁴

³ According to the United Nations Development Programme, more than one-fifth of the world's people live in extreme poverty, on little more than US\$1.00 a day.

⁴ Todaro 1994, xxx.

Development economics arose as a field of study to assess these problems and provide solutions.⁵ The field has undergone profound changes over recent decades. “Old clichés and shibboleths about necessary conditions and historical determinants have been replaced by a healthy agnosticism and a refreshing willingness to focus on specific problems and real issues. The very meaning of the term *development* has been altered from an almost exclusive association with aggregate economic growth to a much broader interpretation that encompasses questions of poverty, inequality, and unemployment also.”⁶

Development economics can be classified as part of the larger body of international political economy (IPE). Scholars have grouped the various theories of IPE into several categorizations. Of these, Robert Gilpin’s is particularly well known.⁷ Gilpin identified three primary schools of IPE: nationalist, including mercantilist, realist, and statist theories; liberal; and Marxist.⁸ Theories of development fit loosely into this categorization. These include neoclassical economics (liberal), world-

⁵ Todaro (1994, 8) delineated three fields of study impacting on the study of development: traditional economics, political economy, and development economics. Traditional economics focuses on the most efficient, least-cost allocation of scarce productive resources and the long-term growth of these such that they produce an ever-increasing amount of goods and services. Traditional economics assumes economic “rationality” and decision-making that is completely materialistic, individualistic, and self-interested. Political economy builds upon traditional economics but considers also the social and institutional processes through which political and economic elites influence the allocation of scarce productive resources. Political economy is therefore concerned with the issue of power in economic decision-making. Development economics goes beyond political economy to devise functional solutions to the societal problems wrought by the less-than-optimal manifestation of traditional economic principles in poor country contexts and the misuse of power by both domestic and external elites. In other words, development economics addresses not just traditional economic fundamentals but also the structural and institutional—economic, social, political—processes necessary for ameliorating conditions for the poverty-stricken masses of the world’s developing countries. Because the principles of traditional economics often do not hold up in imperfect markets—that is most markets in/between developed and developing countries alike—this research gives more credence to political economy and development economics as the bases for probing and devising potential solutions to the problems facing developing countries such as Jamaica.

⁶ Todaro 1994, xxv.

⁷ See Robert Gilpin, *The Political Economy of International Relations* (Princeton: Princeton University Press, 1987), chapter 2.

⁸ Crane and Amawi 1997, 5.

systems/dependency theory and the developmental state (nationalist), and Marxism (Marxist).⁹ In general, the literature on development argues the pros and cons of the various modes of production—from feudalism to mercantilism to capitalism to socialism—with which society has come into contact. Key figures identified in the early literature argued for and against the freely functioning market. On one side were the mercantilists, who argued that state intervention was essential for ensuring a properly functioning market sans disequilibria. On the other side, the classical liberals argued that a market left to its own devices balances supply and demand and produces optimal results for all transactors.¹⁰ The contemporary 21st century debate, centered on the extent to which the global (liberal) capitalist economy benefits the world's poor countries and the poor within them, has its roots in this polemic. To this extent, contemporary development theory either proclaims the virtues of capitalism or denounces it for its downsides. Jorge Larrain explained the dichotomy as follows: “[a]s capitalism becomes increasingly internationalized and a thoroughly integrated world market is created, development theories will respond not just to the class struggles and social contradictions of isolated capitalist countries but to the contradictions and conflicts emerging in the world capitalist system, especially those derived from the decolonization process, the emergence and challenge of socialist countries and the increasing separation between peripheral and central capitalist countries.”¹¹ Indeed, due to the changes wrought by

⁹ See Gereffi and Fonda (1992) for an elaboration of these and other theoretical perspectives. Those interested in the issues of underdevelopment and dependency should also see Ronald Chilcote (1984) for an excellent study of reformist and revolutionary development theory applied to the Third World experience.

¹⁰ Since then the trajectory of development theory has traveled various twists and turns where each new ideological school challenged the preceding school. Not surprisingly, in light of this evolutionary path, we are witnessing in 2003 a backlash to neoliberalism, the dominant model, in favor of protected nationalist markets. This backlash is particularly pronounced in Latin America where a group of the region's most economically and strategically prominent countries are leading the charge.

¹¹ Larrain 1989, 2-3.

capitalism's tendency for "creative destruction," development theorists subscribe to any of several development "camps" involving scholars with the opinion that capitalism promotes development regardless of context and those arguing otherwise. Scholars belonging to the first group are loosely classified as orthodox theorists and those to the second group as radical theorists. The latter camp can be further subdivided into two groups—those (reformist) scholars arguing that capitalism promotes a less than-optimal development, but development nonetheless, and those (revolutionary) scholars arguing that because capitalism promotes stagnation, it must be eliminated.

This project explores the various paradigms of development from classical mercantilist political economy onwards and applies them to the experiences of Jamaica and the Commonwealth Caribbean. In so doing, the research identifies the failed paradigms that have been utilized in analyses of the Caribbean experience, and explores alternative models of development that are more relevant to the Jamaican context, its history, its position in the international economic system, and its prospects for a fuller integration into the world-trading regime. The project thus highlights the theoretical perspectives—namely, the institutionalization of the plantation economy from without and within, which has fostered associated dependent development in Jamaica—that best explains Jamaica's experience in the international political economy and prescribes the strategies that should be taken in the future to facilitate genuine development in Jamaica and other Caribbean countries, and more effectively integrates the region into the international economic system such that it is no longer relegated to underdevelopment and interminable dependency.

Why Underdevelopment, or Associated Dependent Development?

Although the world's per capita income has increased in recent decades and an increasing number of people worldwide have escaped the bondage of poverty, there are still pockets of extreme poverty remaining and the economic divide between the global north and the global south is still very much a politico-economic reality. Moreover, many countries of the global south lack the technological advancement, societal cohesion, and economic development that are characteristic of the global north. To be sure, as Brazil's President "Lula" da Silva noted in his first meeting with U.S. president George W. Bush, economic asymmetries between wealthy northern countries and poor southern ones are pervasive and must be reduced if there is any hope of forging a stable integrated global economy.¹² These asymmetries are not random; they stem from the skewed trade between rich and poor countries that has characterized the international political economy for centuries, facilitating development in rich countries and underdevelopment—i.e., development that is dependent on and associated with rich country development—in poor countries like Jamaica. The asymmetries are particularly apparent in agricultural trade. According to Nicholas Stern, senior vice president and chief economist at the World Bank:

European, Japanese and U.S. agricultural subsidies and barriers to farm and textile imports from developing countries prevent the poor from exploiting their comparative advantage. Removing such barriers would expand the market for goods from the developing world, increase investment in labor-intensive sectors and thus enable more people to improve their lives and escape from poverty. The benefits to poor people in developing countries of removing rich countries' trade barriers would

¹² James Dao, "Brazilian Meets Bush and Vows to Cooperate on Freer Trade," *New York Times*, 11 December 2002.

be more than twice the \$50 billion in annual development aid that rich countries now provide.¹³

Logic dictates that underdevelopment is directly related to poverty. According to the United Nations Development Programme (UNDP), more than 25 percent of the world's population still lives in absolute poverty without access to safe drinking water, adequate nutrition, sanitation, or healthcare.¹⁴ The global north contains most of the world's developed economies. These countries have all the trappings of wealth; they are urbanized, have made the transition from agricultural production to service-based knowledge economies, have high literacy rates and accessible healthcare systems, and have food security with lots of food to go around and people with the resources for acquiring it. The global south, on the other hand, is largely impoverished and contains a majority of the world's people, many of whom are destitute, homeless, hungry, illiterate, disease-ridden, and generally incapable of contributing to their countries' productive capacity and growth. Writing in 1966, Jagdish Bhagwati's noted that:

The world we live in presents a picture of appalling contrasts. While few countries are immensely prosperous nearly two-thirds of the population subsists on substandard incomes. Illiteracy, bad housing, lack of medical care and malnutrition are prevalent throughout most of Asia, Africa, the Middle East and Latin America. These facts can no longer be ignored. *Indeed* they have come to dominate intellectual thought and political action to an unprecedented degree in our time.¹⁵

Indeed, this has been the case for centuries. Adam Smith, for example, penned the following words in his famous 1776 treatise *The Wealth of Nations*: "No society can surely be flourishing and happy, of which by far the greater part of the numbers are poor

¹³ Nicholas Stern, "Freeing the Poor," *International Herald Tribune*, 19 December 2002.

¹⁴ UNDP 1997, 3.

¹⁵ Jagdish Bhagwati, *The Economics of Underdeveloped Countries* (New York: World University Press, McGraw Hill Book Co, 1966): 9.

and miserable.”¹⁶ According to the World Bank, 10.8 percent of Latin Americans lived below the official poverty line of \$1.08/day in 2000, compared with 11 percent in 1990.¹⁷ The figures are slightly higher for the population living at or below \$2.15/day: 27.6 percent in 1990 and 26.3 percent in 2000. The Inter-American Development Bank presents another view of the situation. “Approximately 35 percent of the population in Latin America and the Caribbean lives with less than US\$2.00 dollars a day (in purchasing power parity). Though the incidence of poverty (measured by the headcount ratio) dropped in the nineties, the number of poor increased and the ratio of poor people continues to be 3 percent higher than in 1980.”¹⁸ The figures are even more startling for Africa; an astounding 46.30 percent of sub-Saharan Africans lived below the poverty line in 1998. Unfortunately, the situation has not changed much in the almost 50 years since Dr. Bhagwati wrote his glaring indictment of the global economy. Yet many pundits insist that globalization and trade liberalization has placed the world’s poor countries on a “rising tide” of economic advancement.¹⁹ A recent *Washington Post* commentary elaborated this position, revealing its caveats:

Has globalization helped or hurt the world's poor? It depends on how you calculate it...Poverty experts at the World Bank, led by Martin Ravallion, argue that what counts isn't countries but people. Using household surveys around the world, they have found that the poverty rate in developing countries -- those living on less than \$1 a day -- has fallen from about one-third to one-quarter while the income gap between rich and poor has remained about the same. Now come two independent researchers -- Xavier Sala-i-Martin of Columbia University and Surjit Bhalla for the Institute of International Economics -- who argue it's better to use data from national gross-domestic-product accounts than household surveys,

¹⁶ Adam Smith, *The Wealth of Nations*, (Quoted in Todaro 1997, 137)

¹⁷ See <http://www.worldbank.org/research/povmonitor/index.htm>, the World Bank’s *Global Poverty Monitoring* website.

¹⁸ See http://www.iadb.org/sds/pov/site_16_e.htm.

¹⁹ See, for example, the 2001 World Bank paper *Trade, Growth, and Poverty* authored by David Dollar and Aart Kraay.

and then make various adjustments for purchasing power and education. And when they do, they find that the global poverty rate has fallen below 15 percent while the income gap between the global rich and poor has decreased. One problem for things-are-getting-better globalizers, however: Almost all the poverty gains have come in just two countries, China and India, which have slowly and only partially privatized and opened their economies.²⁰

Despite the “gains” of globalization which these pundits so eagerly reference, much of the Caribbean remains mired in poverty, so much so that one questions the extent to which the region has gained from globalization and trade/financial liberalization. The United Nations Economic Commission for Latin America and the Caribbean (ECLAC) reported the region’s 2002 performance as follows: “Regional economic activity is expected to fall 0.5% in 2002. The economies most affected include Argentina, Uruguay and Venezuela, while the rest have seen gross domestic product (GDP) stagnate. For the second year in a row, per capita GDP growth in Latin America and the Caribbean was negative (-1.9%). The region has already experienced half a decade of low economic growth amidst adverse conditions in the world economy.”²¹ The situation in Jamaica is dire. Despite a strong human and natural resource endowment, more than 50 percent of Jamaicans are unemployed and at least 16.9 percent are living below the poverty line.²² Jamaica, despite its small size and colonial history, has always

²⁰ “Policy Watch,” *Washington Post*, 29 September 2002.

²¹ See <http://www.eclac.org/>.

²² According to the International Labour Organization’s statistics for 2001, 50.9 percent of Jamaicans did not work at all and 52.5 percent were unemployed for 12+ months. See <http://www.ilocarib.org.tt/digest/jamaica/jam17.html>. Much controversy surrounds the issue of the exact number of Jamaicans who currently live below the poverty line. According to the UNDP, that figure is a mere 16 percent. See <http://www.undp.org/fojam/poverty.htm>. The 2001 Survey of Living Conditions cited a figure of 16.9 percent. See http://www.npep.org.jm/Poverty_in_Jamaica/poverty_in_jamaica.html. Curiously, this seems an artificially low figure and represents a marked reduction in the poverty rate at a time of spiraling unemployment. It also marks a decline from the 2000 figure of 18.7 percent. The Planning Institute of Jamaica (PIOJ) has conceded that remittances from expatriate Jamaicans have helped span the divide between the country’s increasing unemployment and decreasing poverty.

been a key player in the international political economy. As Britain's star colony, Jamaica posed great importance as one of the world's largest producers of sugar, bananas, and other agricultural commodities. During the 20th century when the Cold War came to dictate national security and, by extension, the formation of alliances, Jamaica acquired new geopolitical significance due to its proximity to the United States and Cuba, the U.S.' communist neighbor to the south. After centuries of Britain's colonial stewardship, the U.S. began courting Jamaica's loyalty with millions of dollars in investment and aid. Yet, for all its endowments, indigenous and acquired, Jamaica in 2002 had a GDP real growth rate of 1.1 percent and per capita GDP of \$3,700 adjusted for purchasing power parity.²³ Despite its advances in tourism and bauxite mining, Jamaica is undoubtedly still a poor country with underdeveloped productive capacity.

According to a member of Jamaica's parliament:

Commentators may argue and disagree over the level of poverty now overwhelming the country. When is someone living in poverty or experiencing conditions of poverty? From the ivory tower of the university, or the air-conditioned office of business, one rarely gets a glimpse of abject poverty. Until one visits the cardboard villas of the inner cities or the squatter communities in the rural districts, it is not possible to really understand the extent and depth of the country's poverty. If members of so-called civil society see how poverty-stricken Jamaicans live, their stomach would turn and they would retch. Right on the gully banks of Barbican or Grants Pen, people live in dire poverty and in conditions not really fit for human habitation.²⁴

²³ See the CIA's *World Factbook 2002* at <http://www.cia.gov/cia/publications/factbook/geos/jm.html>. According to the factbook, Jamaica's economy, which depends on tourism and bauxite, has been stagnant since 1995. The CIA's economic statistics, particularly its unemployment figure of a very low 16 percent (2000 est.), are subject to interpretation.

²⁴ Delroy Chuck, "The Politics of Poverty," *Jamaica Gleaner*, 11 December 2002.

Orlando Patterson, professor of sociology at Harvard University, has publicly disputed the contention that conditions in Jamaica and, indeed most of the Caribbean, are improving:

The bad news is that Jamaica's attempts at economic development have largely failed. Here, as in Puerto Rico and most other Caribbean islands, post-independence attempts at industrialization have fallen apart. Jamaica now has vast shantytowns; unemployment at depression levels; and high rates of economic inequality, crime and drug abuse. The government has met many conditions imposed by the International Monetary Fund in return for much-needed loans: a stable annual inflation rate of 5.8 percent, falling interest rates, adequate international reserves and the return of positive growth. But at the same time, public debt is nearly 160 percent of the gross domestic product and interest consumes more than half of all government expenditure, leaving little to address the social problems.²⁵

Clearly, Jamaica is not developing such that the average Jamaican is better off now than he was 30 years ago when Jamaica first embraced the neoliberal logic of development. This statement, of course, raises questions of what constitutes “better off.” Clearly, consumption has increased due to the ever-expanding amount and variety of imported goods flowing into the country. However, the jury is still out on whether development in the form of expanded societal and national economic well-being is occurring in Jamaica.

Jamaica’s Geographical and Socio-political Context

Jamaica is situated in the Caribbean Sea, one of the four islands of the Greater Antilles located in the northwestern section of Caribbean region. Located just under two hours south of Miami by air, Jamaica is integrally connected with both North America and the Caribbean Basin, which includes the island states located in the Caribbean Sea and the countries of Central America and the northernmost portion of South America. For most of its history, the island’s geographical context has rendered it vulnerable to the

²⁵ Orlando Patterson, *The New York Times*, 23 July 2001.

vicissitudes of geopolitics. From Columbus’ “discovery” and annexation of the island in 1494 for the Spanish crown to its subsequent colonization by the British and contemporary subservience to American hegemony, Jamaica has been subjected to and manipulated by external forces outside its control. Indeed, as a former colonial territory, Jamaica was established and maintained to serve the needs of its colonizing power.²⁶ During its period of domination, each metropolitan country used Jamaica’s resources to further its own aims and expand its economy. Britain was particularly successful in this regard, using revenues from Jamaica’s sugar industry to fuel its Industrial Revolution and attain the position of world superpower. Although colonization has ended in theory, many country and regional scholars allege that the spirit of colonialism continues unchecked in Jamaica, albeit in the form of neocolonialism perpetuated by various external and foreign-influenced domestic actors, and has hindered the country’s development potential by causing massive systemic underdevelopment.²⁷

Jamaica is located to the south of Cuba and the east of Hispaniola, the island comprising Haiti and the Dominican Republic. Its capital city, Kingston, is located in the southeastern section of the island. Jamaica is one of the largest islands in the Caribbean, with a landmass of 10,990 sq km, slightly smaller than the state of Connecticut.²⁸ In July 2003, Jamaica’s population numbered 2,695,867 persons. Jamaicans are of African descent primarily, but they also represent other ethnic

²⁶ Jamaica has had three primary colonizers, two of these—Spain and Britain—de jure and one—the United States of America—de facto.

²⁷ Britain granted independence in 1962 after Jamaica withdrew from the short-lived West Indies Federation. However, Britain, the European Union, and the USA have all been instrumental in shaping Jamaica’s post-independence politics, economy, and culture, mostly to their own ends.

²⁸ See the CIA’s Factbook at www.cia.gov/cia/publications/factbook/goes/jm.html for more descriptive information and statistics about Jamaica. Much of the descriptive and statistical information detailed in this “Historiography” section was abstracted from this website.

backgrounds. Many Jamaicans have European, Chinese, Indian, and Middle Eastern ancestry resulting from centuries of foreign immigration to the island in search of work and opportunity.²⁹ This heritage is evident in the people's features and in the country's food and culture. Jamaicans are a relatively young people; just under 30 percent of the population is under 14 years of age, 63 percent is between 15 and 64 years of age, and seven percent is 65 years of age and older. Jamaica's official language is English, but many Jamaicans speak Patois—a fusion of African and English words—informally. Eighty five percent of the population is literate.³⁰

Jamaica has been an independent country since August 6, 1962, when Britain granted its then colony full independence. Jamaica system of government is defined in its Rule of Law outlined in the country's Constitution and its legal system is based on English common law. Kingston, the capital city, is Jamaica's seat of government. Jamaica has a constitutional parliamentary democracy, a variation of the British system.³¹ Its Parliament is charged with making the country's laws and managing the country's finances. The Cabinet, the nucleus of Parliament, is its primary policy-making vehicle. Jamaica's major political parties are the People's National Party (PNP) led by Percival James (PJ) Patterson and the Jamaica Labor Party (JLP) led by Edward Seaga. The PNP is currently in power, with PJ Patterson presiding as Jamaica's prime minister.

²⁹ Jamaica's ethnic groups are as follows: black 90.9%; East Indian 1.3%; white 0.2%; Chinese 0.2%; mixed 7.3%; and other 0.1%.

³⁰ Literacy is defined here as the percentage of people age 15 and over who has ever attended school.

³¹ As Ellen Grigsby (1999) explains, democracies are variations of one of two general types of executive-legislative structures: the presidential system or the parliamentary system. "Presidential systems are ones in which executive-legislative relations operate as follows: a) executives and legislatures are elected in distinct, separate elections for fixed terms of office; b) executives cannot be removed by votes of no confidence; and c) executive power is separated from legislative power...In contrast, parliamentary systems are ones in which a) legislatures select executive leadership; b) executives can be removed by votes of no confidence and new elections may be necessitated; and c) executive and legislative powers are combined—not separated—in order to forge a working partnership between the two branches of government" (251 and 252).

The central government has three branches: executive, legislative, and judicial. The executive branch is comprised of the head of state, the reigning British monarch represented in Jamaica by the governor general; the head of government, the prime minister; the deputy prime minister; and the Cabinet.³² The legislative branch is comprised of a bicameral Parliament consisting of a 21-member Senate and a House of Representatives.³³ The judicial branch is comprised of the Supreme Court and the Court of Appeal.³⁴ Jamaica's local government is comprised of parish councils, one for each of the 14 parishes. Along with cultivating robust national and local politics, Jamaica actively participates in several international organizations including the Caribbean Community or CARICOM, United Nations, Association of African Caribbean and Pacific (ACP) States, G-77, International Monetary Fund (IMF), Interpol, and Organization of American States (OAS). Jamaica also maintains diplomatic personnel worldwide.

The Politics of Agriculture in Jamaica

Decision making in Jamaica tends to follow a pluralist model but with a caveat. Politicians openly promote political tribalism and rent-seeking amongst their constituencies to cultivate and foster voter loyalty and maintain control of entire communities through a culture of manipulation and intimidation. This has escalated political crime and violence in Jamaica. All adult Jamaicans have the right to vote.

³² Queen Elizabeth II has presided as Jamaica's head of state since February 6, 1952 and Sir Howard Felix Cooke has presided as governor general since August 1, 1991. Prime Minister Percival James (PJ) Patterson has presided since March 30, 1992.

³³ The governor general, with advice from the prime minister and the leader of the opposition, appoints the senators and members of the House of Representatives are elected by popular vote.

³⁴ The governor general appoints Supreme Court judges on the recommendation of the prime minister.

There tends to be close ties between government and industry. In the agricultural sector this is seen in lawmakers' involvement in business activity. Many government officials own businesses and operate equally as lawmakers and businessmen. Some ministers farm recreationally but the researcher is not aware of any significant involvement in commercial farming activity. In general, ministers like most Jamaican elites, are highly educated professionals who tend to have worked previously in service capacities such as law, medicine, and commerce.

Regarding the political mindset visà- vis Jamaica's agricultural future, decision-making tends to be highly contentious as is the norm in democratic societies, but once the minister of agriculture issues a directive, that directive is generally implemented by stakeholders in a collaborative fashion. After years of endorsing strict import liberalization for agricultural and other consumer goods, Jamaica's decision-makers are emphasizing the need to improve and increase domestic crop production and productivity. People are gradually realizing that strict reliance on imported food is a drain on the economy in that it depletes valuable foreign exchange reserves. Moreover, they are utilizing the country's pluralist political structure and process to make their views heard. This has resulted in increased interest amongst decision makers in promoting production and consumption of Jamaican food crops and other products. This resurgent philosophy is consistent with Michael Manley's "Eat What You Grow" campaign, which he promoted during his first term in office in the 1970s. Incidentally, this campaign failed due to a lack of popular support stemming from the chronic food shortages the country experienced at the time due a lack of foreign exchange caused by capital flight in response to Manley's radical philosophy.

In general, government, industry, and civil society are allied in support of Jamaican agriculture. The problem, however, stems from their lack of vision and will in devising a comprehensive national development strategy featuring agriculture as a cornerstone. Civil society is generally recognized to be vocal in its critique of faulty political decision-making and policies. However, civil society is perceived to be weak in their activism for change. But, according to persons interviewed for this research, this is changing as civil society becomes more activist for change. Recently, for example, civil society organizations have been pressing for increased local involvement in farming as a means of fostering productive activity, increasing domestic production, and reducing unemployment. Civil society is also actively encouraging local consumption of Jamaica-produced food. The “Eat Jamaica” campaign begun in early 2004 is instructive in this regard. The minister of agriculture, who wields the real power in initiating and effecting change in agricultural decision-making, has been responding to these demands by civil society. He is obligated to respond per his mandate to regularly go out into the field, observe progress or lack thereof, and respond to stakeholder complaints and requests for change. By all accounts, this response has trickled down throughout the Ministry of Agriculture and is diffusing to other ministries in a process of developmental change.

Jamaica in the International Political Economy

Due to its low GDP level—general and per capita—relative to advanced industrialized countries, Jamaica is widely considered a Third World developing country. For the year 2000, the most recent year for which reliable statistics are available, Jamaica’s general and per capita GDP adjusted for purchasing power parity (PPP) were

\$10.08 billion and \$3,800 respectively.³⁵ After an extended period of negative GDP growth during the late 1990s, Jamaica's real GDP growth rate in 2000 was a nominal 0.2 percent. The economy grew by 1.7 percent in 2001 and 0.8 percent in 2002. In 2002, Jamaica's unemployment rate was a high 16 percent, and 34.2 percent of its people lived below the poverty line. Jamaica's primary economic sectors are agriculture, services, extractive (mineral), and manufacturing. Key industries are tourism, bauxite, sugar, textiles, rum, and light manufactures. The country's GDP composition by (amalgamated) sector in 2002 was: agriculture with 6 percent, industry with 31 percent, and services with 63 percent. By occupation, 60 percent of the labor force works in services, 21 percent in agriculture, and 19 percent in industry. Despite the concentration of labor in services, Jamaica is very much an agricultural country and agriculture continues to be an economic mainstay inasmuch as the country is still considered a primary commodity exporter and secondary product/service importer. Unfortunately, however, agriculture does not generate the type of revenue the country needs to thrive. That said, key agriculture products are sugarcane, bananas, coffee, citrus, and cocoa, and Jamaica's primary export commodities are alumina, bauxite, sugar, bananas, and rum. For the most part, Jamaica imports mainly agricultural and industrial inputs—namely machinery, transport equipment, construction materials—food, and fuel. Shockingly, despite its natural suitability to farming, Jamaica is a net importer of food. Unfortunately for the government's coffers, Jamaica also routinely suffers a trade deficit. In 2000, for example, Jamaica's exports earned \$1.7 billion while the country imported \$3 billion

³⁵ Many of the statistics found in this and the next paragraph were taken from the online *CIA Factbook* published by the Central Intelligence Agency of the U.S. government. See www.cia.gov/cia/publications/factbook/geos/jm.html.

worth of goods. Compounding the country's problems is the huge external debt it has amassed.

According to the *CIA Factbook*, Jamaica's economic woes are many, including: "high interest rates; increased foreign competition, the weak financial condition of business in general resulting in receiverships or closures and downsizings of companies; the shift in investment portfolios to non-productive, short-term high yield instruments; a pressured, sometimes sliding, exchange rate; a widening merchandise trade deficit; and a growing internal debt for government bailouts to various ailing sectors of the economy, particularly the financial sector."³⁶ What the CIA does not mention, at least not explicitly, is the extent to which external actors—including the CIA itself—have created Jamaica's difficulties. Many scholars and groups outside the Caribbean tend to place the blame squarely on Jamaicans for the predicament they find themselves in today. However, as any enlightened student of contemporary world affairs understands, a depressed political economy in today's era of globalization is usually a product of the action and influence of forces acting from both within and without said political economy. Jamaica is no exception. Certainly, given its history as a formerly colonized territory of a major European metropolitan power and its geopolitical significance given its location just south of the United States, Jamaica has always been a pawn of those with a vested interest in shaping the international political economy, and Jamaica's destiny in it, to their own advantage often under the guise of acting for the country's benefit. Whether their agenda wrought stability and prosperity for Jamaica was not necessarily important. What mattered instead was the nature and magnitude of the payoff for those

³⁶ www.cia.gov/cia/publications/factbook/geos/jm.html.

who wielded power and influence in, and over, the country. In some cases, they were foreign actors; in others, the culprits were locals.

Since gaining independence in the 1950s-60s, Jamaica and other Caribbean countries have undergone tremendous changes from both within their borders and without. For most countries, the decade following independence was a time of growth and relative prosperity. Contrary to the expectations of their colonizers and other external actors, the countries transitioned from colonial territories to independent countries without much internal dislocation. Many of them, Jamaica included, made significant strides in managing their own affairs and, in the process, engendered progress in the economic and social spheres.³⁷ It was during this period that Jamaica and its developing country counterparts formed the New International Economic Order (NIEO) and began to question the established world order and their inferior place in it. As Wendell Bell explained, they began “seeking new world views and theoretical explanations to serve as organizing principles to challenge the old international order that had permitted the rich nations to become richer and intercountry inequality to increase. And it sent them toward new international economic relations in which there would be, if they had their way, equity in international trade, increased local control over multinational corporations, and a limitation on the foreign exploitation of local natural resources.”³⁸ However, this bravado began to dissipate in the Caribbean during the mid to late 1970s when the first of a series of global economic crises hit the region and set the stage for a fundamental alteration of economic and social relations both within the region

³⁷ McIntyre 1991, x.

³⁸ Bell 1977, 683-684.

and between the region and powerful external actors, namely the international financial institutions (IFIs), the United States, and former European metropolitan powers, now one body in the form of the European Union (EU).

As former colonial territories, Jamaica and other Caribbean countries have always been highly vulnerable to the vagaries of the external economy. Independence made them even more so as they could no longer rely on guaranteed assistance or stewardship from metropolitan governments. During the 1970s, the global economy contracted and all states, developed and developing, felt the blow to their economies. The post-war era of rapid economic growth had ended and worldwide economic contraction took its place. This contraction was precipitated by a series of externally driven economic shocks from the fall of the U.S. dollar, the oil crisis, and ultimately the depression of the 1980s, causing recession in developed economies and a massive decline in commodity prices, which decimated natural resource economies dependent on traditional primary product exports. The oil and debt crises were particularly significant in this regard.

The oil crisis

Soaring oil prices during the 1970s led developing countries to take on large debts from international commercial banks. Nevertheless, the Third World felt renewed dynamism as the oil-producing developing countries' new power in the international political economy led to the emergence of the new international economic order (NIEO) among the world's developing countries. This new order gave additional leverage to the developing countries as they advanced their development goals with economic nationalism through the mid to late 1970s before plunging commodity prices eventually forced an ideological reorientation.

The debt crisis

Plunging commodity prices during the late 1970s to early 1980s compounded the effects of the oil crisis and forced developing countries to take on additional loans. Because the international commercial banks from which they had borrowed previously were leery about extending them new loans in the face of their already significant debt loads, developing countries turned to the IMF and World Bank to request multilateral loans and to get their seal of approval for qualifying for new loans from the commercial banks.

As Ramesh Ramsaran noted, there has been much debate about the roles played by internal policies and external factors in the economic crisis of the 1970s and 80s. “Depressed commodity prices, developments in technology, rising import prices, high interest rates, high fuel prices, increased protectionism in the industrial countries, and reduced capital flows have all been cited as contributing to the economic difficulties of developing countries.”³⁹ Also blamed, especially by external lending agencies, have been questionable internal policy decisions, inept economic management, and corruption.⁴⁰ Indeed, so heavy is the focus on internal factors that the multilateral financial institutions have propagated the notion that the countries heavily affected by the crisis could have moderated its impact and, by extension, could grow in difficult economic circumstances if they pursued the “right” policies, and such policies should be adopted universally by all countries.⁴¹ These “right” policies, since delineated in the “Washington Consensus,” have guided the course of economic reform worldwide since the late 1970s.⁴² For developing countries that sought financial assistance from external funding sources in the aftermath of the crisis, externally-dictated reform was compelled by international financial organizations such as the World Bank and IMF, which made structural adjustment based on the Washington Consensus a condition of financial assistance. Most

³⁹ Ramsaran 1992, 2.

⁴⁰ Ibid.

⁴¹ Ibid.

⁴² The term “Washington Consensus” was coined in 1989 by economist John Williamson and refers to a list of policy recommendations for countries interested in reforming their economies. These recommendations have been instrumental in shaping economic reforms in the developing and post-communist worlds. The recommendations are as follows: fiscal discipline; redirected public expenditure; tax reform; financial liberalization; adoption of a single, competitive exchange rate; trade liberalization; elimination of barriers to foreign direct investment; privatization of state owned enterprises; deregulation of market entry and competition; and ensuring secure property rights. See John Williamson, ed. *Latin American Adjustment: How much has Happened* (Washington, D.C.: Institute for International Economics, 1990).

countries seeking assistance—poor and desperate as they were, and in many cases still are—were sufficiently prostrate and vulnerable that they overlooked the conditionalities and agreed to implement expeditiously the required reforms despite their projected deleterious impact on the people and societies within the countries. These reforms, particularly trade liberalization, would ultimately become the *sine qua non* for membership in the international economic system governed by the “holy trinity”—the World Bank, International Monetary Fund, and World Trade Organization—and would reinforce the pattern of skewed development established by the plantation economy in these countries, their longstanding mode of production and export.⁴³

Scholars contend that the plantation economy, which emphasizes production of primary commodities for export and import of processed goods from abroad, is institutionalized in Jamaica and has retarded its development trajectory. George Beckford, for example, argued vigorously and persuasively in his many works on the subject that the plantation economy brought to Jamaica by imperialist forces forced Jamaica to produce and supply raw materials for rich metropolitan countries, providing them the material they needed to fuel their industrial development.⁴⁴ This research vindicates Beckford’s contention by tracing Jamaica’s economic history and validating that the plantation economy is in fact ingrained in Jamaica and has been so since the Europeans first arrived on its soil, claimed it as a colony, and molded its economy to serve their food security and development purposes. The research also confirms

⁴³ Metropolitan countries such as the United States wield substantial, if not controlling, power in these organizations. Ironically, they have not been compelled to implement Bank-Fund structural adjustment reforms. On the contrary, despite their membership in these organizations, they continue to practice flagrant trade protectionism against each other’s exports and against products of export interest—and, thus, development— for developing countries.

⁴⁴ George Beckford, *Persistent Poverty: Underdevelopment in Plantation Economies of the Third World* (Jamaica: Maroon Publishing House, 1972).

Beckford's assertion that certain domestically-motivated forces have worked with externally-driven forces throughout Jamaica's history to institutionalize the plantation economy in Jamaica and ensure their privileged and protected places in the established order within Jamaica and the world-trading regime. The plantation economy is so entrenched in Jamaica that many Jamaicans cannot look beyond the preferential trade arrangement (PTA), which grants Jamaica duty-free access to certain rich country markets for a coterie of mainly unprocessed goods, to envision a fate for their country other than producer and supplier of raw sugar, banana, and other primary commodities.⁴⁵ Jamaicans have also tended, due to the acclimatizing plantation economy, to value goods produced externally over those produced at home. Hence, Jamaica is a net-importer of goods, including food, and has negligible manufacturing capacity for what is expected of a country located so close to the super-developed United States. Jamaica imports so much of what it consumes that it no longer produces enough of its traditional exports to meet its PTA quotas. Shockingly, it has had to import sugar and bananas from neighboring Latin America in recent years to service its quotas.

This research contends that Jamaica's future, indeed its very survival, requires a reversal its declining production and productivity in agriculture and attainment of considerable value-added production capacity to buttress and supplement its capabilities in primary commodity production. Clearly, Jamaica must formulate and implement a more effective national development policy with agricultural diversification, innovation, and productivity as a cornerstone. This is the way of the industrial age through which the international political economy is passing and is essential for survival in the knowledge-

⁴⁵ See Appendix A for a backgrounder on PTAs. The PTA's impact on Jamaica's development is assessed in detail in Chapter 4 of this paper.

based information age into which the world economy is moving. However, action by Jamaica alone is not a panacea for development. Because they overwhelm developing country goods produced in spite of internally-motivated constraints, external challenges are typically more destructive than internal negligence. Prominent among these externally-driven challenges are rich country tariff barriers, production and export subsidies, and food dumping under the guise of food aid programs—all of which reduce developing country competitiveness in their own markets and restrict developing country access to rich country markets. According to the World Bank, “[h]igh trade barriers imposed by industrial countries on agriculture and processed food imports, along with agricultural subsidies, have contributed to the decline in developing countries’ share of world trade in these commodities.”⁴⁶ While Jamaica must eliminate internally-motivated constraints on national development, the onus is on resource-rich developed countries and international organizations such as the World Trade Organization, World Bank, and IMF—all controlled by developed countries—to eradicate the externally-driven constraints that marginalize developing countries like Jamaica in the world-trading regime.⁴⁷ The following section delineates a few of the more insidious externally-driven constraints on Jamaica’s agricultural development.

Agriculture, Trade, and Development in the International Political Economy – Where Jamaica Fits In

The world is becoming increasingly interdependent due to globalization powered by technology and trade. Globalization, the convergence of a global political economy, is

⁴⁶ World Bank 2001, x.

⁴⁷ Voting shares in the IMF and World Bank are dictated by member countries’ size and influence in the global economy. See *Challenges to the World Bank and IMF: Developing Country Perspectives* (Anthem Press, 2003) for an explanation of power and voting share allocation in the Bretton Woods institutions.

sweeping the world and has forced integration on various levels—economic, political, cultural, and social. Countries, from the small island economies of the Caribbean to the large diversified economies of the industrialized North, and everything in between, find themselves inextricably linked in a new global economy characterized by an unprecedented cross-border mobility of goods, services, capital and people. This new global economy differs from the one conceived by Adam Smith and expounded upon in his 1776 treatise *The Wealth of Nations* in that Smith did not envision today’s mobility of capital. The literature on globalization suggests that mobile capital is the phenomenon that links the world’s economies to the degree we see in today’s global economy, and expanded trade facilitated by liberalization is its engine of growth. “Free trade” grounded in economic liberalization is the premise of today’s global trading regime. Indeed, membership in the World Trade Organization (WTO), which administers the General Agreement on Tariffs and Trade (GATT) and other multilateral trade agreements to which the majority of the world’s countries subscribe,⁴⁸ compels countries to liberalize their economic systems in accordance with the Washington Consensus to gain full access to other countries’ markets and the multilateral financial institutions. However, Jamaica and many developing countries opened their economies during the 1970s and 80s, long before the World Trade Organization came into being, when they accepted World Bank-IMF loans with structural adjustment conditionalities mandating trade and financial liberalization.

⁴⁸ These agreements include the General Agreement on Trade in Services (GATS), Agreement on Trade-Related Intellectual Property Rights (TRIPS), Agreement on Trade-Related Investment Measures (TRIMS), Agreement on Technical Barriers to Trade, and the Agreement on the Application of Sanitary and Phyto Sanitary Measures (SPS). There are currently 146 members of the World Trade Organization.

As discussed previously, the 1980s were a period of great hardship for the Caribbean and much of the developing world. In the aftermath of the oil crisis of the previous decade, many countries accumulated large debts from commercial banks and, due to a decline in real incomes because of falling commodity prices, were unable to repay their loans. Consequently, despite a reluctance to acquire yet more debt, they sought assistance from the multilateral lending agencies, namely the World Bank and IMF. It is not surprising that “[p]ersistent economic decline, high debt levels, and foreign exchange problems force countries to succumb easily to [loan] programs even if they themselves are skeptical with respect to their ability to restore growth.”⁴⁹ Unfortunately, most debtor countries, including Jamaica, today owe unsustainable debt amounts to the multilateral lending institutions, international commercial banks, and individual industrialized countries. Indeed, some debtor countries pay more to service their debts than they pay into their public service budgets and many routinely face a net outflow of capital.⁵⁰ There is no standard formula for development. The World Bank-IMF model treats all creditor countries as if they were a monolith requiring the same treatment and remedial course of action.⁵¹ Indeed, the Bank-Fund’s model of development presupposes that the same set of policies can be applied across the board to all countries regardless of contextual differences. This approach disregards Sartori’s warning against conceptual

⁴⁹ Ramsaran 1992, 3.

⁵⁰ According to Bear Stearns, the investment banking and securities firm the Government of Jamaica has contracted, Jamaica’s public sector debt stands at 150 percent of GDP and its domestic debt is 94.1 percent (as of July 2003).

⁵¹ Payer (1979) asserted that the World Bank has co-opted expertise on agricultural—and, indeed, all—development issues. “The World Bank is the largest single lender for agricultural development in the world. For that reason alone it would deserve to be the focus of our inquiry. More than that, though, it is the keystone of a structure built up through its own efforts which includes most other actors on the development scene from capitalist countries, coordinating them and subordinating them to its ‘empire’. This ensures that there can be no major challenges to the Bank’s pretended monopoly of development wisdom nor competition from rival sources of funds” (294).

stretching and, consequently, subjects the creditor countries to a host of ills that could have been prevented, or at least moderated, had the Bank-Fund considered particular internal conditions when devising a remedial course of action.⁵²

For the most part, structural adjustment programs (SAPs) have not had the prescribed effect in Jamaica and other recipient countries. On the contrary, SAPs exacerbated poverty, inequality, and instability wherever they were implemented. By weakening the state and reducing its ability to provide its people basic public services, SAPs contracted the provision of education, health, and housing services. In Jamaica, for example:

Real expenditure on social services was cut by 41 percent over the ten-year period, 1975/6-1985/6. The share of government expenditure devoted to debt service climbed from 21 percent in 1980/81 to 44 percent in 1986/7...Real spending on education per Jamaican below 15 years of age fell by 40 percent between 1981/2 and 1985/6, most of this being concentrated in the two fiscal years following the 1984 IMF agreement. The impact on the quality of the educational services provided has been quite dramatic. One indicator is the rate of passes in high school leaving exams (GCE O level and CXC) which fell from 62 percent in 1980 to 34 percent in 1985...Total real spending on health was cut by 35 percent between 1982/3 and 1985/6 alone...Low-cost housing is another item which fell casualty to adjustment programmes. Capital expenditure on housing in 1985/6 had fallen to some 11 percent only of the level of 1982/3...The costs of purchasing the least-cost basket of minimum food requirements for a five-person household, as determined by the Jamaican Ministry of Health, increased by 429 percent over the six-year period June 1979 to July 1985.⁵³

Structural adjustment also devastated Jamaica's agriculture sector. To be sure, the IMF and World Bank paid particular attention to agriculture when devising loan programs, providing large sums of money to help Jamaica and other developing countries

⁵² For a detailed discussion of conceptual stretching, see Sartori Giovanni, "Concept Misinformation in Comparative Politics," *American Political Science Review*, Vol. 64, No. 4, 1991, pp. 1033-1053.

⁵³ These figures were taken from a study by the Working Group on Debt of the Association of Caribbean Economists (ACE) analyzing the effect of Jamaica's SAPs from 1977 with the country's first IMF agreement. The study is outlined in Girvan et al. (1990).

“modernize” their agricultural sectors. Cheryl Payer illuminated the World Bank’s interest in helping poor country farmers weather the crises:

It is not coincidental that the Bank’s new interest in the productive potential of the small farmer comes just at the time large agribusiness firms are realizing that their future lies not in the direct ownership of vast tracts of land, but in control over production through contracts with producer-suppliers (and, at the other end, control over markets)...Certain crops which in the past were grown only on plantations, because tight control of cultivation practices and speedy delivery to the processing plant were imperative, are now grown by smallholders clustered around a smaller plantation and processing plant run by a company which provides technical supervision, inputs, and processing for the outgrowers, who have to sell their crops through the company.⁵⁴

Jamaica’s structural adjustment program eliminated its commodity boards, curtailed the number of extension officers in the field, eliminated food subsidies, removed import quantitative restrictions, and contracted import tariffs.⁵⁵ Critics therefore argue that the costs of adjustment far outweigh any benefits that have resulted from the process. In Jamaica, social costs included: declining living standards; deteriorating health, educational, and housing infrastructures; human resource deficiencies; and pervasive high emigration levels.⁵⁶ Economic costs for Jamaica were numerous and included: 1) exacerbated dependent development and marginalization; 2) altered production structures precipitating a decline in manufacturing and a bias towards agricultural segments specializing in production for export, not for segments producing for domestic

⁵⁴ Payer 1979, 300. Payer contended that much of the Bank’s “aid” intended for recipient countries’ poorest farmers is appropriated by local elites to serve their own interests. This too is symptomatic of the plantation economy imperative. In this case, the imperative manifests as collusion between external and local elites to entrench the dominance in the developing country of external capital in exchange for the buttressing of local elite power and control. “So, while gently deploring the subversion of its good intentions by local elites and the lack of government interest in rural reform, the Bank is a major force ensuring the survival of that government and those rural elites” (306).

⁵⁵ Singh 1995, 256.

⁵⁶ Le Franc 1994, xi-xiii.

consumption; 3) declining food security; 4) a sharply devalued currency that is just about worthless in foreign exchange markets and which render exports cheap and imports dear—a significant problem since Jamaica imports a large portion of what residents consume; 5) a rapid increase in low-skilled, low-wage enterprises with a concomitant decrease in high-skilled, high-wage enterprises; 6) and an informalization of the country's economy due to the decrease in jobs in traditionally-labor intensive sectors such as agriculture and mining. The Bank's interest reflected, and continues to reflect, the plantation economy imperative—that is, the rendering of developing country producers dependent on, and subordinate to, external financing and support. Overall, the implementation of structural adjustment in Jamaica has caused a steady decline in the country's economic prospects and a less than ideal integration into the world-trading regime.

Hence, despite the convergence of economic systems worldwide due to trade liberalization, contradictions like agricultural subsidization and food dumping pervade the world-trading regime. Liberalization may carry the promise of economic growth and development but debate is widespread about the extent to which free trade translates to fair trade, certainly with regards to question of full access to other countries' markets. Some countries in the new global economy have highly developed economies while others are trying to play catch up. Indeed, development is the key concern and challenge for many countries of the South. Many of these countries, including Jamaica, have opened their economies and are linked to the world-trading regime, yet they do not reap its benefits. Some development experts argue that the problem stems from conditions internal to the countries while others blame it on external factors such as the vestiges of

colonialism and continued neo-colonialism. Whatever the explanation, the majority of the world's countries are poor and desperate to gain a surer foothold in the world-trading regime in order to improve their economic condition.

Utilizing Adam Smith's logic, and David Ricardo's after him, trade proponents argue that free trade according to the theory of comparative advantage, wherein countries produce for export what they do efficiently based on their factor endowment and import what they produce inefficiently, benefits all countries equally with the cumulative trades serving the good of all. Several trade models—including the Ricardian model, Heckscher-Ohlin model, and specific factors model—substantiate their argument. Yet, although both liberalization and the logic of comparative undergird the WTO, many countries have not reaped the promised benefits of either. Membership in the WTO, and trade according to its principles, has certainly not served them well. These countries, most of which are underdeveloped, are not given full access to the markets of their advanced country counterparts for their traditional exports, e.g., sugar, fruits, cotton, and rice. It can be argued that neoliberal economists, who in large part have defined the free trade ideology, use the logic of comparative advantage to persuade these developing countries that they should not try to attain the requisite industrial capacity and capability for manufacturing finished goods because their natural factor endowment is more ideally suited to the production of primary commodities. Given the necessity of acquiring manufacturing capacity and capability for competing effectively in today's diversified global economy, the illogic and insidiousness of this argument is glaring. Consequently, Jamaica and developing countries everywhere have begun to question the WTO promise

of equity and parity for all member countries and have begun to confront their subordinate status in the international political economy.

Theoretical Framework

The research focuses on material that assesses trade and development from various theoretical perspectives. To better understand the Jamaican socioeconomic experience and Jamaica's position in the world trade regime, the research traces the evolution of development theory from classical liberal political economy roots to neoliberalism, the contemporary mainstream expression of development theory, and contextualizes Jamaica's experience in this theoretical trajectory. The historical theoretical examination encompasses (in the order listed) classical mercantilism, classical liberal political economy, the German Historical School (classical mercantilism revisited), Marxist political economy, neoclassical political economy, Keynesian political economy, modernization theory, dependency/world systems theory, and neoliberalism. Theories of development generally reflect the prevailing mode(s) of production. Therefore, capitalism has shaped development theory, both orthodox and radical, because it has been the dominant mode of production for centuries. However, much of this theoretical canon is faulty and cannot be applied universally because development theorists have tended to obfuscate the fact that capitalism did not develop consistently across the world. Scholars across the canon formulated their theory based on the historical experience of their own countries. Since Europeans and North Americans formulated most mainstream development theory, this of course meant that the canon (with the exception of the Marxist and dependencia challenges to mainstream

development theory) reflects the European and North American experience. Scholars also tended to blame countries that did not “modernize” in line with the developed country model. Consequently, most development theory is applicable only to the world’s developed countries. Given the prominence of neoliberalism in mainstream development theory and policy, this research undertook careful consideration of its applicability to the Jamaican experience. The research ultimately recognizes the critical component of the canon as more relevant to the developing country experience and explored this critique—and the various schools within the critique—as the answer to Jamaica’s problems.

Methodology

The research employs a methodology utilized by Vincent A. Mahler—a longitudinal case study at the middle range of generality to assess the relevance of dependency theory to a particular historical relationship—i.e., the relationship between Jamaica’s agricultural production and trade and the international political economy—and the extent to which this relationship fostered development in Jamaica.⁵⁷ This historical case study methodology allows the researcher to infer from the findings a generalized conclusion for the Caribbean and other similarly situated developing countries. The research assesses the obstacles to development that have plagued the Commonwealth Caribbean over the 30-year period from 1970-2000 and prescribes solutions to the problems. The researcher hypothesizes that constraints from without and within have

⁵⁷ Mahler 1981, 470. In Mahler’s terminology, the middle range of generality is “the analysis of relations between developed countries and a particular type of Third World country for a particular mode of contact over an extended period of time.”

exacerbated associated dependent development in Jamaica and the Caribbean by retarding agricultural development, worsening socioeconomic welfare, and stymieing self-reinforcing, sustainable growth and development. To identify and assess the major obstacles to, and chances for, development facing developing countries, the experience of the Commonwealth Caribbean is evaluated in macro and the Jamaican experience is situated in the context of the wider Commonwealth Caribbean and the Third World at large. Jamaica was chosen as the primary case study because it one of the region's (and, indeed, the world's) most structurally adjusted countries, and one with which extra-regional organizations and countries are extremely engaged. In addition, Jamaica is a Caribbean Community (CARICOM) founding member and a strong supporter of the regional integration movement in the Caribbean. Given the extent of the country's progress on liberalization and its relationship and involvement with external actors grounded in the neoliberal school of development, one likely presumes that Jamaica is the Caribbean's most economically developed country. The research tests this hypothesis and offer explanations for any findings to the contrary. With regard to CARICOM's role in Caribbean development, the researcher contends that CARICOM must play a more proactive role in economic strategy and planning and must incorporate the voices of all segments of the Caribbean's people—government, business, and civil society—to help its member states manage the deleterious effects of the other external factors and engender the type of self-reliant development that will finally ameliorate, if not break, the chains of economic dependency and marginalization.

The researcher collected both qualitative and quantitative data and used content analysis, interviews, archival research, and participant observation to interpret this data.

The researcher also assessed aggregate economic data at the macro and micro levels to ascertain agricultural and more general economic trends in Jamaica and the Caribbean.

The research employs a joint national and global level of analysis. The researcher assesses the extent to which Jamaica achieved select measures of development over the period under review and the role played by external and internal forces in effecting, or impeding, this development. These measures include: degree of food security; GDP/GNP growth; diversification and expansion of industrial infrastructure; modernization of agriculture; and effective integration into the world-trading regime.⁵⁸

In investigating regional macroeconomic data, the researcher considered that official data on economic indicators in poor and developing regions are often weak and may conceal more than they reveal.⁵⁹ Regional data are also often imbalanced by the strongest economies of the region. The researcher attempted to overcome these data limitations by locating and reviewing (additional) comparable statistics compiled by extra-regional organizations such as the United Nations and World Bank, which, theoretically, should not include the same biases.

The researcher gathered preliminary data in the United States. Sources of information included: the IMF, World Bank, Inter-American and other development banks; university libraries; the WTO; CARICOM; international and regional organizations such as the United Nations and Organization of American states; the Internet; various think tanks; and Latin American/Caribbean policy institutes and nongovernmental organizations (NGOs). After doing an extensive literature review of

⁵⁸ This was measured by calculating annual FDI levels, import/export ratios, and proportion of semi-finished and finished manufactured goods in exports.

⁵⁹ Ghai and Hewitt de Alcántara 1991, 14.

the key theoretical perspectives at issue in the research, the researcher targeted reports generated by the IMF, World Bank, United Nations, WTO, CARICOM, Inter-American Development Bank, Caribbean Development Bank (CDB), and other regional development banks for a more nuanced region and country specific analysis. While doing this secondary research, the researcher also conducted first-round interviews to begin generating primary research data.⁶⁰ Interview prospects residing in the U.S. included ambassadors and other diplomatic personnel from Latin America and the Caribbean; staff of key multilateral and regional organizations such as the United Nations, World Bank, IMF, Organization of American States, Inter-American Development Bank, and CARICOM; and expatriate Jamaicans and other Caribbean persons who could speak authoritatively about the Jamaican/Caribbean economic experience over the period under review.

After completing the U.S.-based secondary research and first round interviews, the researcher traveled to the Caribbean to conduct the bulk of the project's primary research and examine secondary research material that are not readily available in the United States, such as government reports, *Jamaica Gleaner* (newspaper) archives, and CARICOM and Caribbean Development Bank (CDB) resources. Given its significance to the project, Jamaica was the primary research destination. There, the researcher conducted her second-round interviews targeting key public sector, private sector, and civil society leaders and other stakeholders in Jamaica's agricultural development who could provide insight on Jamaica's development over the period under review. The researcher was particularly interested in persons who could contribute substantively to

⁶⁰ See Appendix B for the researcher's list of interview questions.

the research by revealing and/or corroborating areas of development facilitated or impeded by internal and external economic forces.

The researcher chose the Jamaica-based interview prospects based on her reading of the literature on Caribbean economic development and of key Jamaican newspapers, namely the *Jamaica Gleaner* and *Jamaica Observer*. The newspapers were crucial in this regard. Daily reading via the Internet enabled the researcher to monitor agriculture-related developments as they occurred on the ground and identify for interviews the key organizations and players within them. Prior to her departure, the researcher determined that the relevant groups to try to interview were public sector agencies charged with agriculture, trade, and finance matters; private sector agricultural enterprises, including farmers; organized labor; farmer membership groups; and non-governmental organizations (NGOs) with interest in agriculture, trade, and development. With respect to agriculture, the key Jamaican actor groups can be roughly classified as governmental, private sector, domestic civil society, and international organization. Even within these categories, however, there are differences of opinion and different interests represented. For example, government officials have varying perspectives on the role agriculture plays in Jamaica's development. Some officials, namely those in the Ministry of Agriculture, are emphatic about the importance of agriculture to economic development and argue convincingly that government must prioritize agriculture in its strategy for growth and development. Other officials, namely those in the finance and commerce ministries, are ambivalent about the issue. Some are even dismissive of agriculture.

Groups targeted in the government were high-level officials and experts on agriculture and trade working within relevant ministries. These included the ministries of

agriculture, commerce, finance, and foreign affairs and trade. Other governmental organizations targeted for interviews included the Planning Institute of Jamaica (PIOJ), Statistical Institute of Jamaica (STATIN), National Export-Import Bank of Jamaica, Development Bank of Jamaica, the Rural Agricultural Development Authority (RADA), Sugar Company of Jamaica, Jamaica Promotions Corporation (JAMPRO), and the Agricultural Development Corporation. The researcher succeeded in interviewing high-level officials of all these organizations. These public sector entities reflected varying perspectives. It was important to get at these different perspectives through personal interviews to gain a nuanced understanding of the different levels of influence, different views on policies, and the extent to which public sector officials had a personal (i.e., business) stake in agriculture that has influenced their agency in policy making, implementation, and analysis.

The researcher also targeted members of the private sector, particularly farmers—both smallholder and large-scale—and the agro-industry companies that have attained significant export market share in the U.S. and/or EU. It was important to talk with farmers to learn from those most intimately involved in agriculture about the challenges and constraints they face. Due to the widely divergent constraints and opportunities facing smallholders vis-à-vis largescale farmers, the researcher made it a point to talk with both types of farmers to gain a nuanced understanding of the different levels of farmer influence in agricultural policymaking, the extent of external involvement in the larger commercial enterprises, and whether external involvement in local farming enterprises endows a predisposition for success through income generation. Agro-industry companies included Jamaica Producers, Walkerswood Foods, J Wray and

Nephew Ltd., and Grace, Kennedy, and Company. With these groups, the researcher addressed the methodologies they employed within Jamaica—i.e., their agency in domestic policymaking that produced governmental action in their favor—and in external markets to attain product diversification, export capacity, and market share in “hard to crack” international markets. Other private sector entities targeted for interviews included the Private Sector Organization of Jamaica, Dairy Industries Ltd., TruJuice, Jamaica Exporters Association, Coffee Industries Ltd., Jamaica Chamber of Commerce, Jamaica Manufacturers Association, Worthy Park Sugar Factory, and the Council of Caribbean Agribusiness Association. The researcher asked the same questions of these groups to attain a better understanding of why there is not a more significant agro-industrial presence in Jamaica and why some agro-industries grow and succeed and others do not. The researcher succeeded in interviewing high-level officials of all but one of these organizations.

In addition to government and the private sector, it was also deemed critical to interview members of civil society because these groups have increased their agency in national policymaking as an important intermediary between government and industry. These civil society organizations reflected varying perspectives. It was important to get at these different perspectives through personal interviews to gain a nuanced understanding of the different levels of influence, different views on policies, and the extent to which they have mobilized (or impeded) policy action on agriculture that enhanced societal welfare by increasing socioeconomic development. The researcher targeted leaders of Jamaica’s labor unions, including: the JLP affiliated Bustamante Industrial Trade Union (BITU), the PNP affiliated National Workers’ Union (NWU), the

Union of Schools, Agriculture, and Allied Workers, and the Jamaica Confederation of Trade Unions, an umbrella organization of Jamaica's trade unions. Getting at the perspective of union leaders was crucial to this research in that it enabled the researcher to identify areas in agricultural policymaking and implementation where labor resisted agricultural development, choosing instead to maintain the labor-intensive, non-mechanized status quo in order to preserve agriculture as a large employer of labor. Other civil society groups targeted for interviews included: the agricultural member and interest group organizations (All-Island Cane Farmers Association, All-Island Banana Growers Association, and Jamaica Agricultural Society); agricultural development organizations (Jamaica Agricultural Development Foundation, Caribbean Agricultural Research and Development Institute, Caribbean Regional Human Resource Development Program for Economic Competitiveness, and Inter-American Institute for Cooperation on Agriculture); and the quasi-governmental/industry commodity boards (Banana Industry Board, Coffee Industry Board, and Sugar Industry Authority). The researcher succeeded in interviewing high-level officials of all these organizations.

The researcher had two primary foci in each interview: firstly, investigating the role each stakeholder entity—both the individual being interviewed and his/her organization—has played in facilitating or impeding Jamaica's agricultural development and secondly, exploring the contribution—both previous and potential—of the various organizations to any national development strategy forged by a tripartite coalition of Jamaica's public and private sectors in collaboration with civil society interest groups. Once she constructed her Jamaica-based interview list, the researcher contacted interview prospects from her home base in the U.S. by phone and/or email to schedule interviews.

This was done for approximately 75 percent of the Jamaica-based interview prospects, enabling the researcher to start conducting interviews immediately upon her arrival in Jamaica. The researcher also employed the snowball technique to identify additional interview prospects once on the ground in Jamaica. While in Jamaica, the researcher observed several meetings in which national leaders addressed Jamaica's agricultural and national development policy and goals for the future. This research strategy, participant observation, was key to this research because it helped reveal the extent to which domestically motivated forces mobilize or stymie development. Conducting field research in Jamaica also provided the researcher ready access to the faculty and staff at the main campus of the University of the West Indies (UWI).⁶¹ After completing the field research component in Jamaica, the researcher returned to the United States to finalize U.S.-based secondary research and synthesize the research findings to complete the dissertation.

The next four chapters of the dissertation analyze the various theoretical and methodological formulations of development, agriculture in the world-trading regime, agriculture in Jamaica's political economy, and the way forward for Jamaica. The final chapter revisits the hypotheses posed in this chapter and presents prescriptions for Jamaica's way forward such that it is no longer consigned to plantation economy and associated dependent development.

⁶¹ With satellite campuses across the Caribbean, UWI's origin and growth stemmed from regional collaboration. As such, it is a key component in this research.

Chapter 2

Theoretical and Methodological Formulations of Development and Underdevelopment

But while they prate of economic laws, men and women are starving. We must lay hold of the fact that economic laws are not made by nature. They are made by human beings.

Franklin Delano Roosevelt, 1932

Capitalism is the extraordinary belief that the nastiest of men, for the nastiest of reasons, will somehow work for the benefit of us all.

John Maynard Keynes

[There is an] urgent need to revive development theory, not as a branch of policy-oriented social science within the parameters of an unquestioned capitalist world order, but as a field of critical enquiry about the contemporary dynamics of that order itself, with the imperative policy complications for the survival of civilized and decent life, and not just in the ex-colonial countries.

Colin Leys, *The Rise and Fall of Development Theory* (1996, 43)

What is Development? Underdevelopment?

The debate about what constitutes development is quite contentious. Although the literature abounds on the issue and question of development, there is no international consensus on a definition. A standard definition of development highlights national productive capacity, emphasizing the state's ability to "produce economic wealth, which in turn transforms society from a subsistence—or agricultural—based economy to one where most of society's wealth is derived from the production of manufactured goods and services."⁶² The concept of underdevelopment, typically addressed in the dependency literature, generally encompasses low GNP per capita, low rates of GNP per capita growth, high rates of inequality in income distribution, bureaucratic authoritarian political regimes, and the regime's inability to meet the basic needs of its population.⁶³ Dependistas, proponents of the dependency school of development, allege that dependency causes underdevelopment. To be sure, dependency and underdevelopment

⁶² Balaam and Veseth 1996.

⁶³ Farmer 1999, 2.

are multifaceted concepts that underscore various phenomena; the choice of phenomena depends on the stream of theory one supports.⁶⁴ Some development theorists stress basic economic indicators while others argue that no definition of development would be complete without consideration of the socio-political context in which an economy exists and functions.

For most economists, development is limited to pure economics. Not surprisingly, they consider an expanded gross national product (GNP) or gross national income (GNI) and the accumulation of wealth the prima facie definition of national development. In fact, “prior to the 1970s, development was nearly always seen as an economic phenomenon in which rapid gains in overall and per capita GNP growth would either ‘trickle down’ to the masses in the form of jobs and other economic opportunities or create the necessary conditions for the wider distribution of the economic and social benefits of growth. Problems of poverty, unemployment, and income distribution were of secondary importance to ‘getting the growth job done.’”⁶⁵ Some scholars disagree with an explicit focus on income as the indicator of development. Rourke and Boyer explained that “[g]ross national income in either absolute or per capita form should be used cautiously as a yardstick of economic strength because it does not measure the distribution of wealth among a population. There are countries (most notably, the oil-rich countries of the Middle East) where per capita GNI is high but where the bulk of the wealth is concentrated in the hands of a few individuals, leaving the remainder in poverty. Even within countries in which wealth is more evenly distributed (such as those in North America or Western Europe), there is a tendency for dollars or pounds or francs

⁶⁴ Farmer 1999, 2.

⁶⁵ Todaro 1994, 15.

or marks to concentrate in the bank accounts of a relatively small percentage of the population. Yet the maldistribution of wealth tends to be greatest in the less developed countries, where the per capita GNI is far lower than in North America and Western Europe, and poverty is widespread.”⁶⁶

During the 1970s, development was redefined from an explicit focus on GDP/GNI to an emphasis on reducing or eliminating poverty, inequality, and unemployment within the context of an expanding economy.⁶⁷ This was the era of the “growth with equity” approach to development. Dudley Seers captured the logic underlying the redefinition in his address to the Eleventh World Conference of the Society for International Development:

The questions to ask about a country’s development are therefore: What has been happening to poverty? What has been happening to unemployment? What has been happening to inequality? If all three of these have declined from high levels then beyond doubt this has been a period of development for the country concerned. If one or two of these central problems have been growing worse, especially if all three have, it would be strange to call the result “development” even if per capita income doubled.⁶⁸

For sociologically inclined development economists such as Seers who recognize the limitations of using GNP or GNI as the prima facie indicator of national development, development encompasses less empirically-based “human needs” indicators such as social welfare, income equality, environmental stewardship, empowerment and utilization of women, and, probably the most controversial and nebulous of indicators,

⁶⁶ See John T. Rourke and Mark A. Boyer, *World Politics: International Politics on the World Stage, Brief, Fourth Edition*, (New York: Mc-Graw Hill, 2001). Also see http://highered.mcgraw-hill.com/sites/007248179x/student_view0/chapter11/web_map_1.html.

⁶⁷ Todaro 1994, 15.

⁶⁸ Dudley Seers, *The Meaning of Development*, presented at the Eleventh World Conference of the Society for International Development, New Delhi, 1969.

quality of life. The United Nations Development Programme (UNDP) spans the divide between the two groups by including both empirically and normatively based indicators as part of its human development index (HDI). The UNDP aims to put people back at the center of the development process and the HDI is the centerpiece of the UNDP's basic human needs perspective, which recognizes ways other than economic indicators to measure development. The HDI, as defined by the UNDP, strives to:

...capture as many aspects of human development as possible in one simple, composite index and to produce a ranking of human development achievements.

The concept of human development is much deeper and richer than what can be captured in any composite index or even by a detailed set of statistical indicators. Yet it is useful to simplify a complex reality—and that is what the HDI set out to do. It is a composite index of achievements in basic human capabilities in three fundamental dimensions—a long and healthy life, knowledge and a decent standard of living. Three variables have been chosen to represent these three dimensions—life expectancy, educational attainment and income.⁶⁹

Thus, recognizing that “[g]rowth is not the end of development—but...the absence of growth of is,” the HDI encompasses not only economic factors but also the environment, politics, and social welfare in a balanced perspective on development.

Amartya Sen, a prominent development scholar, agrees with the UNDP's conception of development. Sen has argued that expansion of freedom is both the primary end and the principal means of development. “Development consists of the removal of various types of unfreedoms that leave people with little choice and little opportunity of exercising their reasoned agency...It concentrates particularly on the roles and interconnections between certain crucial instrumental freedoms, including economic opportunities, political freedoms, social facilities, transparency guarantees, and protective

⁶⁹ UNDP 1997, 44.

security. Societal arrangements, involving many institutions (the state, the market, the legal system, political parties, the media, public interest groups and public discussion forums, among others) are investigated in terms of their contribution to enhancing and guaranteeing the substantive freedoms of individuals, seen as active agents of change, rather than as passive recipients of dispensed benefits.”⁷⁰ Several scholars share Sen’s point of view. Edgar Owens, for example, presented the following insight in his 1987 book: “Development has been treated by economists as if it were nothing more than an exercise in applied economics, unrelated to political ideas, forms of government, and the role of people in society. It is high time we combine political and economic theory to consider not just ways in which societies can become more productive but the quality of the societies which are supposed to become more productive—the development of people rather than the development of things.”⁷¹ Even the World Bank—which throughout the 1980s, endorsed economic growth as the goal of development—has joined the bandwagon. It declared in its 1991 *World Development Report*, using normative language that previously would have been unheard of, that:

The challenge of development...is to improve the quality of life. Especially in the world’s poor countries, a better quality of life generally calls for higher incomes—but it involves much more. It encompasses as ends in themselves better education, higher standards of health and nutrition, less poverty, a cleaner environment, more equality of opportunity, greater individual freedom, and a richer cultural life.⁷²

In keeping with the sociologically-oriented models, this project proposes the following definition of development, which merges the national income expansion

⁷⁰ Sen 1999, xii-xxiii.

⁷¹ Edgar Owens, *The Future of Freedom in the Developing World: Economic Development as Political Reform* (New York: Pergamon Press, 1987), xv.

⁷² World Bank, *World Development Report* (New York: Oxford University Press, 1991), 4.

perspective with the institutional enhancement perspective—a process of societal advancement and enrichment featuring the commonly accepted measures of human/societal and national economic well-being: national income expansion, sectoral productivity, employment, poverty reduction, inequality, food security, and security of person and property. Jamaica falls short on all these norms and thus, does not measure up to this definition of development—one that many developed world residents would argue is quite reasonable. Due to its enormous debt, underutilized and/or mismanaged productive capacity, rampant crime, and the pervasive poverty of its people, Jamaica fits any of various unattractive descriptions, including but not limited to, undeveloped, underdeveloped, Third World, poor, and developing. Delroy Chuck, opposition member of Jamaica’s parliament, captured the country’s plight in an editorial commentary published in the *Jamaica Gleaner*: “[b]y any realistic measure, Jamaica sinks into deeper poverty. Curiously, we consume like a First World country, at least by a small minority, but certainly not producing like one. We import more than we export and, consequently, our balance of payments with the rest of the world gets worse and there is no immediate prospect of reversing the downward slide. We survive and enjoy a decent quality of life from loans, grants, remittances and the proceeds of the drugs trade and, if any or all of these should stop, our economy would implode and certainly crash. Jamaica is not producing and unless economic policies are reversed persistent poverty is the logical outcome.”⁷³

Given Jamaica’s post-colonial record, the country has not achieved autonomous, self-sustaining development. Indeed, some country specialists would argue that despite its resource endowment, both natural and human, Jamaica has retrogressed in recent

⁷³ Delroy Chuck, “The Politics of Poverty,” *Jamaica Gleaner*, 11 December 2002.

decades on certain development indicators including productivity and competitiveness. Jamaica's declining productive capacity is particularly marked in the agriculture sector and has escalated since independence. Agriculture constitutes a significant part of countries' socio-economies because it is linked to rural development, culture, and food security.⁷⁴ Jamaica's agricultural production, productivity, and competitiveness are eroding due to both internal negligence and external challenges. Jamaica is still a largely rural country. In many communities outside Kingston and Montego Bay—Jamaica's two main cities—a majority of residents are farmers, and many more Jamaicans nationwide farm for supplemental income. Agriculture is without question a vital component of Jamaica's socio-economy, employing one-fourth of the populace and providing food for the rural poor. Therefore, the country's post-independence agricultural decline is of great concern and is the focus of much debate. Given the essential linkage in natural resource economies between agricultural development and overall economic development, Jamaica's agricultural deterioration is directly related to its stagnant growth and development. Jamaica's economic decline in the face of its considerable natural and human resource endowment begs the question of why and provides the impetus for this research.

Models of Development

Development theory has moved full circle since its genesis. With each paradigm shift, the leading paradigm either critiqued or borrowed from preceding theories. In either case, the new paradigm synthesized concepts embodied in preceding paradigms.

⁷⁴ The United States' recent passage of the bioterrorism law requiring prior registration with the Food and Drug Administration of all food imports, including souvenir food items transported into the country by commercial airline passengers returning home from vacation, demonstrates the importance of agriculture to national security.

As development theory evolved, mercantilism gave way to classical liberal political economy, classical liberal political economy to Marxism, Marxism to neoclassical economics, neoclassical economics to modernization theory, modernization theory to dependency/world systems theory, and, most recently, dependency/world systems theory to neoliberalism. In a clear illustration of the Hegelian/Marxian principle of dialectical change, neoliberalism—currently the dominant paradigm of development—represents a resurgence of neoclassical economics grounded in classical liberal political economy. And, even more interestingly, the mounting backlash against the neoliberal model revisits the structuralist development paradigms of Marxism and dependency/world systems theory. With each sea change, the leading development paradigm has responded to society's ever-evolving mode of production and the class relations spawned by the new mode(s). Until very late in the 20th century, different models of development were espoused, reflecting the presence of divergent modes of production. Indeed, socialism, and with it Marxism-Leninism, figured quite prominently in the world economy until very recently. However, the demise of the Soviet Union and the resulting end of the Cold War discredited socialist ideals and enshrined neoclassical ideals of liberal democracy and free market capitalism as the ideological bastions of the new post-Cold War world.⁷⁵

Development paradigms fit generally into one of two categories, orthodox or radical political economy.⁷⁶ Radical economic theory—such as Marxist and dependency/world systems theories—was popular in the Third World after the independence movements of the 1950s and 60s. However, the past two decades have

⁷⁵ Neoclassical development theory resurfaced as neoliberalism during the late 1970s/early 1980s, well before the end of the Cold War. But the demise of the Soviet Union in 1991 cemented its supremacy over competing structuralist theories of development.

⁷⁶ Ramphall 1994, 45.

witnessed the discrediting of the radical theories and the ascendancy of orthodox neoliberal economic theory—an outgrowth of neoclassical economics—proclaiming the virtues of the free market and modernization and propagated by the multilateral Bretton Woods lending institutions, the World Bank and the International Monetary Fund (IMF). As Ramphall speculated,

[t]he type of development policy currently being implemented in the Caribbean is the quintessential manifestation of modernity and maintains a strong subject-object dichotomy. The subject...is represented by the phalanx of “experts” whose function it is to dispense development to the poor, the objects. These experts include academicians both within and outside the Caribbean, government planners and other local bureaucrats, foreign consultants and international aid agency officials.⁷⁷

All too often, these “experts” propagate a subject that serves to legitimize their existence and, thus, remunerate them handsomely for their work regardless of its validity for the region under analysis or its benefits for the people of the region. In this instance, the “subject” that has been perpetuated and legitimized throughout the Caribbean—and, indeed, the world—over the past three decades is neoliberalism. Whether it has benefited its “object,” the region’s poor, remains to be seen. Perhaps for this reason, the world is currently witnessing a backlash against the neoliberal theory of development or, as neoliberalism’s critics widely proclaim, the lack of development in much of the developing world over the past 30 years under the aegis of neoliberalism.⁷⁸

To fully comprehend the nature of and reasons for this backlash, we must trace the evolution of development theory from classical liberal political economy roots to its contemporary manifestation—neoliberalism. As Jorge Larraín pointed out, the evolution

⁷⁷ Ramphall 1994, 53.

⁷⁸ The backlash is particularly pronounced in Latin America where the failed economies of Argentina, Ecuador, Venezuela, and other countries have prompted popular outrage and vehemence against the neoliberal policies that many feel precipitated the crisis.

of development theory was determined by, and linked to, the evolution of the capitalist mode of production. Indeed, because a theory of development is embedded in and emanates from a particular economic mode of production, it cannot be analyzed in isolation from said mode. Capitalism has been the dominant mode of production for much of the history of written development theory. So it is no surprise that much of this canon of theoretical work was written in relation to, and in some instances in reaction to, capitalism. Capitalism has been the key force in shaping development theory—both orthodox and radical—over the centuries since the first political economists documented their thoughts on how economic relations within and among states should manifest. Unfortunately, however, these political economists frequently misinterpreted the nature of capitalism and often did not understand—or refused to acknowledge—that capitalism was not homogeneous wherever it rooted in the world. Therefore, despite their scholarly one-model fits-all assertions, development theory cannot be universal or deterministic. As Larrain noted, well-founded development theory must incorporate the specificity of historical processes and class struggle to grasp the heterogeneity that can exist within a capitalist framework such as exists in today’s global economy and within each state unit that comprises said economy.⁷⁹

Classical Mercantilist Political Economy

Going back in history to the beginning of development theory—or, more accurately, to the first scholars who penned their thoughts on the subject—we encounter the mercantilists who wrote in relation to the then dominant feudal mode of production.

⁷⁹ Larrain 1989, viii.

Mercantilism reigned in Europe during the 16th and 17th centuries, from the feudal era to the emergence of the modern nation-state at the dawn of the Industrial Revolution.

Mercantilism is, in essence, "...a doctrine of extensive state regulation of economic activity in the interest of the national economy."⁸⁰ The medieval state craved power, which translated into the subordination of social and economic interests to the state interest. Because the state used merchants to secure wealth for the national treasury, the merchant class was quite powerful during this period. Consequently, merchants were quite agreeable about an economic regime that favored their financial interests.⁸¹ Indeed, merchants and governments typically colluded to finance business ventures—with the merchants acting as agents of the state—that promised great returns for both the merchant investor and the state. To neutralize foreign competition and tilt the balance of trade in its favor, the state intervened heavily into the economy, creating protected markets and dynastic monopolies in the trade of bullion and goods, which emphasized import of bullion and export of goods to maximize the state's balance of trade. According to Crane and Amawi,

Domestically, extensive intervention takes the form of consolidating the national economy and more effective collection of revenues. Internationally, intervention takes the form of protectionism, the lasting contribution of mercantilism to the lexicon of IPE. A state's balance of trade is considered a central element of the international balance of power. The state must run a balance of trade surplus, maintaining an inflow of specie, to support its position in the international system of self-interested states...[Mercantilism's] acceptance made sense sociologically in that it evolved simultaneously with the rise of the modern state. State-building absolutist princes encouraged and embraced mercantilist thought.⁸²

⁸⁰ See Jacob Viner, "Power versus Plenty as Objectives of Foreign Policy in the Seventeenth and Eighteenth Centuries," *World Politics* 1:1 (October 1948).

⁸¹ The state's practice of awarding exclusive charters for exploration and trade to prominent merchants is of particular relevance here.

⁸² Crane and Amawi 1997, 5.

To the extent that it served their needs, this arrangement was not disputed by the landed elite, society's other powerful class, which also stood to gain from increased national wealth.⁸³

Mercantilism prioritized national wealth measured by the accumulation of gold, silver, and other precious metals. International trade was seen in Hobbesian and Machiavellian terms as a zero-sum game where one country's win was another's loss. Therefore, following the economic premise that a state needed to sell more than it buys, i.e., achieve a trade surplus—and that which is sold must exceed the value of that which is bought—in order to make a profit and augment their treasuries, states pushed exports of manufactured goods and limited imports of such. To stimulate export trade with their colonies abroad, states awarded charters to specific companies in a highly regulated environment, which led to the creation of powerful monopolies such as the British and Dutch East India Companies.⁸⁴ These companies transported cloth, tools, and other manufactures to the colonies and return with exotic foods, spices, and other foreign-produced goods for sale in the home market. However, metropolitan countries were quite particular about the foreign products they allowed into the home market. The state emphasized economic self-sufficiency and promoted a strong agricultural sector in order

⁸³ However, a schism of interests would occur with the emergence of capitalism when significant numbers of the merchant class became persuaded by the logic of free trade propounded by classical liberal political economists such as Adam Smith and David Ricardo. The rising bourgeoisie eventually deemed mercantilism unsatisfactory because it was highly monopolized, enabling only a privileged few to participate in the economic system and reap the gains of the state's increasing wealth. Their changing priorities would instigate the toppling of the feudal order, displacing both the peasantry and much of the landed elite.

⁸⁴ The British East India Company was chartered in 1600 by the British crown to expand Britain's trade with India; the company's activities in India paved the way for British rule there. The Dutch East India Company was chartered in 1602 by the government of the Netherlands to expand trade between the government and its colonies in Asia. The government granted the company a monopoly of trade east of the Cape of Good Hope and west of the Strait of Magellan. The company established the colony of Cape Town in what is now modern day South Africa to serve as an outpost for use on the long voyage to/from Asia. The descendants of the settlers there—known as Afrikaners—would eventually institute the system of apartheid oppressing South Africa's native peoples.

to maintain national food security, so trading companies were not permitted to import competing products. Moreover, in order to promote a favorable balance of trade and discourage the formation (or consolidation) of competitive industries abroad, the state placed higher tariffs on imported manufactures than on primary goods.

Key early mercantilist theorists include Gerard de Malynes (1586-1623), Edward Misselden (1608-1634), Thomas Mun (1571-1641), and A. Serra (15?-16?), all of whom were prominent merchants of their time.⁸⁵ Together, these theorists outlined the prevalent politico-economic ideas of the (medieval) era preceding the emergence of capitalism.⁸⁶ Malynes and Serra were the more conservative theorists of the group. In keeping with the sentiment of the day, they encouraged states to export as much as possible and keep their bullion at home in order to maintain a favorable balance of trade. Serra, one of the first to explain the concept of the balance of trade, illustrated how a shortage of bullion resulted from a balance of payments deficit. Malynes demonstrated how a capital outflow lowered prices at home and increased the prices of imported goods. He also encouraged the state to increase tariffs on imports and impose exchange controls to further enhance its terms of trade. Mun and Misselden were less conventional than Serra and Malynes. Misselden challenged the popular view of the day that currency fluctuation responded exclusively to institutional machinations with his assertions that the ebb and flow was due in large part to international trade flows. Mun also challenged the status quo, asserting that the state should not hoard bullion or encumber trade because

⁸⁵ See excerpts from the Penguin Dictionary of Economics at <http://www.xrefer.com/entry.jsp?xrefid=445782> for more information about these theorists along with overviews of mercantilism, international trade, and other concepts of economic theory and practice. Much of the descriptive information in this paragraph was abstracted from this site.

⁸⁶ Friedrich List, Alexander Hamilton, and others would reiterate many of these ideas two centuries later in opposition to the then dominant classical liberal political economy.

such action precipitated retaliation from trading partners which, in turn, led to higher prices at home. However, like the other three theorists, he encouraged the state to attain trade surpluses to achieve and maintain a favorable balance of trade.

The medieval state played an active role in the mercantilist economy; along with its provision of charters, regulation of international trade, and other means of intervention into the economy, the state often sponsored voyages of conquest abroad in search of gold and silver to expand national coffers.⁸⁷ In this environment, development theory per se was unknown. The focus was on national (European) economic growth and territorial expansion; the colonies established by the metropolitan powers served only to facilitate this growth and expansion. To be sure, metropolitan governments gave little thought about colonial development. On the contrary, in true mercantilist form, they focused exclusively on how the colonies could enhance their national wealth, power, and prestige. This meant that the colonies were to provide bullion, food not produced at home, and other primary commodities cheap and, as the primary markets for metropolitan goods, buy metropolitan exports dear—a skewed model of trade that has endured for centuries into the present day for many colonies, including Jamaica.

Mercantile capitalism—the system which sanctioned Britain’s colonization of the Caribbean and establishment of the primary commodity export-led model of production and trade in Jamaica and throughout the Caribbean as Britain’s economic *raison de ‘etre* for establishing colonies there—was the bridge between mercantilism and capitalism, which would ultimately take three primary forms: mercantile, (competitive) industrial, and financial capitalism. Merchants such as Mun and Misselden, along with the social

⁸⁷ This is how colonization came to figure so significantly in the expansion of Britain, Spain, France, and other European metropolitan powers.

forces leading to and emanating from the collapse of the feudal order, provided the impetus behind the transition from mercantilism to capitalism or, more accurately, from mercantile capitalism to the more competitive industrial capitalism. Jorge Larrain described the transition as follows:

Capitalism emerged from the contradictions of feudal society, in particular from the class struggles which led to the breakdown of serfdom and the undermining of peasant ownership of land. These processes culminated in the conscious political struggles of the bourgeoisie which sought to dismantle those medieval institutions that presented such obstacles to the increase in productivity as the restrictions on free trade and on the personal freedom of workers, the restrictive practices of guilds, the prohibition of charging interest on loans, and so on.⁸⁸

It was during this time that the concept of development first appeared. According to Larrain, “[t]he very concept of development appears rather late, in close connection with the emergence of capitalism and the critique of feudal society. This is because, before the arrival of capitalism, there existed mainly agricultural societies whose productive forces—limited by feudal property relations—changed very slowly over the years and whose output was consequently relatively stagnant. It was capitalism that for the first time allowed productive forces to make a spectacular advance, thus making it possible for the idea of material progress and development to arise.”⁸⁹

The classical liberal theorists were the first to incorporate explicit themes of progress and development in their analyses. Even then, the conception of development was linked to the existence of historically determined social conflicts—in this case, the emerging bourgeoisie’s struggle against the ebbing feudal order—although the theorists did not utilize a class analysis. This linkage has been enduring, even when theoretical

⁸⁸ Larrain 1989, 1.

⁸⁹ Larrain 1989, 1. See also M. Dobb, *Economic Growth and Underdeveloped Countries* (London: Lawrence & Wishart, 1963), 8 and R. Brenner, “The Agrarian Roots of European Capitalism,” in T.H. Aston and C.H.E. Philpin, eds, *The Brenner Debate* (Cambridge: Cambridge University Press, 1985), 214.

propagators—i.e., those in the liberal tradition—chose to minimize or ignore the influence of historically determined social conflicts on capitalism’s evolution.⁹⁰ Karl Marx was the first to explicitly link the processes of development and social conflict in the political economy literature. He argued, for instance, that “the development of political economy and of the opposition to which it gives rise keeps pace with the *real* development of the social contradictions and class conflicts inherent in capitalist production.”⁹¹ Marx’s logic would influence future scholars for years to come and helped shape the debate in much of the post-colonial Third World. But before discussing Marx in greater detail, we must first explore the roots of liberal political economy which Marx and the dependistas criticized with much vitriol.

Classical Liberal Political Economy

Classical liberalism appeared with the rise of the Industrial Revolution and has at its core the competitive capitalist market. Therefore, it is not surprising that the classical liberals considered the mercantilist economic system—with its focus on state interventionism—woefully unproductive and archaic. In competitive capitalism, productivity is key. Hence, with the transition from mercantilism to competitive capitalism, a states’ wealth was measured by the value of goods it produced in a specified unit of time, not its accumulation of bullion. This was, of course, a fundamental change for society and the intensity of the change was reflected in the social dislocation that manifested amongst the peasantry in the interest of maximizing productivity. Peasants, formerly serfs tied to lands owned by feudal lords, moved to the new urban industrial

⁹⁰ Larrain 1989, 2.

⁹¹ Karl Marx, *Theories of Surplus-Value* (London: Lawrence & Wishart, 1969), vol. III, 501.

centers en masse in search of jobs. For the first time in Europe's history, people were forced off the land to work in factories made profitable by the emergence of mechanized production. And work they did, often under extremely dangerous conditions. Men, women, and children—who could no longer rely on a feudal patron to supply their basic needs in exchange for agricultural labor—toiled long hours in filthy, unsafe, and overcrowded factories, providing the labor capital needed to fuel the burgeoning industrial machine created by the new capitalist mode of production.

The mechanization of production was not an isolated development. The accompanying Reformation, Renaissance, and Enlightenment unleashed a number of transformative forces, including: the increased secularization of society and the separation of church and state; the development of education and the sciences; and a challenge to the feudal state's legitimacy wrought by the social contract theories of Locke, Hobbes, and Rousseau. These forces radically altered societal relations and instigated a new politico-economic order. The modern state had arrived and, with it, the populace developed a spirit of nationalism and became aware of their individualism vis-à-vis the state and their ability to think rationally as individuals without needing a church-designated intermediary to act or intercede on their behalf.⁹² Its positive effects notwithstanding, the societal transformation caused much immiseration and social dislocation amongst the masses. For the first time in history, families and communities disintegrated as people left the land their families had inhabited for centuries—and the communal, collectivist way of life that had been their norm—in search of work.

⁹² The feudal state ceased to exist in 1648 with the signing of the Treaty of Westphalia, which marked the end of the Thirty Years War in Europe. The treaty terminated the previously entrenched system of papal governance, replacing it with geographically and politically separate, sovereign states.

Industrial capitalism, with all its excesses and tendency to produce cycles of productivity alternated with cycles of stagnation, became entrenched as society's modus operandi, initially in Europe and eventually throughout the world. As history—illuminated by Marxist and the structuralist theorists—would later demonstrate, some people gained immensely from their country's appropriation, or misappropriation, of this new mode of production, while others lost miserably.

Classical liberalism, prominent during the 18th and 19th centuries, was developed by the middle class, which, with the emergence of the modern state, challenged the landed aristocracy and the divine right of kings to institute a less monopolistic, more egalitarian political economy. Adam Smith, David Ricardo, and other theorists—all of whom were prominent members of Britain's new industrial bourgeoisie—elucidated the principles of the emergent classical liberal school. In general, they broadened their (mercantilist) predecessors' views of capital accumulation as the primary means of building national wealth to incorporate the logic of a free market economy, both domestic and international. However, Smith, Ricardo, and other classical political economists disagreed vehemently with the mercantilists on several issues. Primary among these was the emphasis on state intervention and protectionism, which they claimed harmed—not helped—the national interest. They also believed that mercantilism stifled people's intrinsic rationality, economic ingenuity and resourcefulness, so they urged government to abandon its regulatory role and assume a more limited function to allow individuals the freedom to enter into and/or forsake economic pursuits as they saw fit. Among the classical liberals' basic economic tenets were: 1) primacy to the individual who, imbued with rationality, acted in market transactions to maximize his self-interest; 2) Adam

Smith's concept of a self-regulating market that equilibrates the forces of supply and demand by the invisible hand of the market itself;⁹³ 3) David Ricardo's logic of comparative advantage, which extended the law of domestic supply and demand to international trade; 4) Thomas Malthus' notion of population growth regulated by natural means such as disease, famine, etc., not by government intervention; 5) and survival of the fittest in the face of exposure to market forces, a crude theory of natural selection postulated by Herbert Spencer and later refined by Charles Darwin. Overall, classical liberalism has three cores: moral, economic, and political. The moral core stresses the basic values and rights that citizens have in relation to nature, including personal, civil, and social liberty. The economic core, extols capitalism as the most efficient of all modes of production and emphasizes the individual's freedom of contract, including, but not limited to, his right to own property and to produce and consume. Finally, the political core stresses individual consent, popular sovereignty, and representation.⁹⁴

These ideas were quite influential given society's readiness to embrace a new mode of production in the post-feudal order in the interest of expanding Britain's wealth and power, and individual accumulation of wealth and capital. Smith and Ricardo were particularly influential and their ideas about trade still figure prominently in the theoretical underpinnings of today's world trading regime. As such, their ideas are examined in some detail below. Smith contended that international trade should be

⁹³ Karl Polanyi (1944), who elaborated the concept of the market society subordinating societal relations to the market, diverged from Adam Smith on the notion of the self-regulating market. He argued that the self-regulating market was a creation of state inaction and, once this self-regulating market was taken to the extreme extent, the state had to intervene in order to protect society. These interventions would ultimately destroy the market. For more on this line of thought, see the discussion of Keynesian political economy later in the chapter.

⁹⁴ Interestingly, Locke included important caveats. For instance, one's right to participate in government was based on the ownership of property. Moreover, there was a hierarchy of rights with economic rights at the top, so one's social and political rights was determined by his wealth.

regulated by the invisible hand of the market, and not by the state as had been commonplace in the preceding medieval era. Ironically, an element of hypocrisy undergirds Smith's rationale in that he did not endorse an immediate, across-the-board implementation of free trade. He noted in *The Wealth of Nations* that "freedom of trade should be restored only by slow gradations, and with a good deal of reserve and circumspection. Were those high duties and prohibitions taken away all at once, the disorder which this would occasion might no doubt be very considerable." Yet, Smith derided the mercantilist focus on using of government intervention to promote exports over imports in order to maintain a positive balance of trade. In his opinion, "[t]hose arguments were partly solid and partly sophistical. They were solid so far as they asserted that the exportation of gold and silver in trade might frequently be advantageous to the country. They were solid too, in asserting that no prohibition could prevent their exportation, when private people found any advantage in exporting them. But they were sophistical in supposing, that either to preserve or to augment the quantity of those metals required more the attention of government, than to preserve or to augment the quantity of any other useful commodities, which the freedom of trade, without any such attention, never fails to supply in the proper quantity."⁹⁵ Believing wholeheartedly in the equilibrating logic of supply and demand and perfect competition—which we know are mythical constructs in today's global economy given the reality of subsidies, tariffs, quotas, and other trade-distorting policies utilized by most trading nations—Smith observed that:

⁹⁵ See Adam Smith, "Of the Principle of the Commercial or Mercantile System," *The Wealth of Nations* (New York: Modern Library, 1937).

We trust with perfect security that the freedom of trade, without any attention of government, will always supply us with the wine which we have occasion for: and we may trust with equal security that it will always supply us with all the gold and silver which we can afford to purchase or to employ, either in circulating our commodities, or in other uses...The quantity of every commodity which human industry can either purchase or produce, naturally regulates itself in every country according to the effectual demand, or according to the demand of those who are willing to pay the whole rent, labour and profits which must be paid in order to prepare and bring it to market.⁹⁶

Trade is an essential national enterprise because “[b]y opening a more extensive market for whatever part of the produce of their labour may exceed the home consumption, it encourages them to improve its productive powers, and to augment its annual produce to the utmost, and thereby to increase the real revenue and wealth of the society.”⁹⁷

Smith also criticized the mercantilist tendency to cultivate all manner of domestic industry in order to limit imports. He, instead, encouraged countries to produce and trade products they could produce most cheaply and efficiently. In his words, “[i]f a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy it of them with some part of the produce of our own industry, employed in a way in which we have some advantage. The general industry of the country, being always in proportion to the capital which employs it, will not thereby be diminished, not more than that of the above-mentioned artificers; but only left to find out the way in which it can be employed to the greatest advantage.”⁹⁸ Ricardo, extending Smith’s rationale for free trade, argued that if countries specialized in goods which they could produce with comparative advantage, they could potentially overcome the limitation of purely agricultural production and ultimately increase their profits. On the level of the

⁹⁶ Ibid.

⁹⁷ Ibid.

⁹⁸ See Adam Smith, “Of Restraints Upon the Importation from Foreign Countries of Such Goods as Can Be Produced at Home,” *The Wealth of Nations* (New York: Modern Library, 1937).

international economy, trade by comparative advantage would expand the international division of labor and improve the well-being of all trading states. Ricardo claimed that:

It is not, therefore, in consequence of the extension of the market that the rate of profit is raised, although such extension may be equally efficacious in increasing the mass of commodities, and may thereby enable us to augment the funds destined for the maintenance of labour, and the materials on which labour may be employed. It is quite as important to the happiness of mankind, that our enjoyments should be increased by the better distribution of labour, by each country producing those commodities for which by its situation, its climate, and its other natural or artificial advantages, it is adapted, and by their exchanging them for the commodities of other countries, as that they should be augmented by a rise in the rate of profits.⁹⁹

This system of production and trade “distributes labor most effectively and most economically: while, by increasing the general mass of productions, it diffuses general benefit, and binds together, by one common tie of interest and intercourse, the universal society of nations throughout the civilized world.”¹⁰⁰

However, Ricardo based his logic of comparative advantage on a vital caveat, one that contemporary neoliberal theorists commonly overlook or evade. With the presumption that capital is immobile, Ricardo rests his theory of the (now) outdated concept of barter, assuming that countries will simply trade one commodity of value for another. In his opinion, which was based in reality at the time he wrote his text, “[e]xperience...shows that the fancied or real insecurity of capital, when not under the immediate control of its owner, together with the natural disinclination which every man has to quit the country of his birth and connexions, and intrust himself, with all his habits fixed, to a strange government and new laws, check the emigration of capital.”¹⁰¹ This,

⁹⁹ See David Ricardo, “On Foreign Trade,” *The Principles of Political Economy and Taxation* (New York: E.P. Dutton & Co. Inc., 1960).

¹⁰⁰ Ibid.

¹⁰¹ Ibid.

we know, is no longer the case. In today's globalized economy, investors are not the timid people they were during Ricardo's day, and capital is no longer immobile or confined to national boundaries. On the contrary, capital today is characterized by temerity and the inclination to brave new, possibly unstable national markets if doing so increases its chances of gaining profit. This important qualification—today's mobility of capital—in effect debunks Ricardo's (and Smith's) logic of trade by comparative advantage and, by extension, brings into question the logic of the world trading regime. Clearly, a country's propensity for development rests on more than its purely factor endowment-based comparative advantage for trade in a (purported) free trading system.

Two schools of thought, the German Historical school and Marxist political economy challenged classical liberal political economy by critiquing the central tenets of its celebrated mode of production: the self-regulating capitalist market; international trade according to comparative advantage; and, for the Marxists especially, the lack of attention to, or obfuscation of, class struggle and conflict in capitalist market relations. The German Historical School was comprised notably of Friedrich List and Alexander Hamilton, who although not explicitly a member of the school, subscribed to its ideals. Karl Marx and Friedrich Engels originated Marxist political economy.

German Historical School — Mercantilism Revisited

The German Historical School, led by Friedrich List, was essentially a revision of classical mercantilism. List and his counterparts critiqued classical liberalism's focus on the individual and argued for a resurgence of economic nationalism with the state at

center stage. They believed that certain states—namely the less developed states of Europe—should be allowed to utilize state intervention and protectionism to jumpstart their economies and become industrialized. List stressed the importance of having a diversified economy and a strong manufacturing sector for increasing a state's productive capacity and stimulating growth and development. Indeed, to foster development, the state must move from agricultural production to manufacturing by utilizing and maximizing the nation's natural and human resource capacity in what will be a mutually reinforcing relationship. In List's view, a society's well-being and wealth is determined not by what it can buy but by what it can make.¹⁰² Moreover, societies became dependent or independent based on their ability to produce goods for domestic consumption.¹⁰³ Manufacturing, and with it the ability to trade finished goods, will thereby enhance the value of agriculture and propel development.¹⁰⁴

Manufactories and manufacturers are the mothers and children of municipal liberty, of intelligence, of the arts and sciences, of internal and external commerce, of navigation and improvements in transport, of civilization and political power. They are the chief means of liberating agriculture from its chains, and of elevating it to a commercial character and to a degree of art and science, by which the rents, farming profits, and wages are increased, and greater value is given to landed property. The popular [Adam Smith] school has attributed this civilizing power to foreign trade, but in that it has confounded the mere exchanger with the originator.¹⁰⁵

List believed the classical liberals were mistaken in confusing values of exchange, not values of productive powers, as the true measure of a country's productivity and,

¹⁰² Fallows 1993.

¹⁰³ Ibid.

¹⁰⁴ List's logic would become the basis of the dependency school's argument for import substitution industrialization (ISI) as the means of achieving industrialized status and development. The Japanese also found List's logic highly persuasive—more so than the laissez-faire logic of the classical liberals—when, in the aftermath of Commodore Perry's shocking visit in 1853, it undertook modernization to reduce its vulnerability to outside forces. The rapid advances of the Meiji era, from 1868 to 1912, resulted from heeding List's advice.

¹⁰⁵ See List, *The National System of Political Economy*, Second Book, chapter 12, 133-148.

ultimately, prosperity. “The prosperity of a nation is not, as Say believes, greater in proportion in which it has amassed more wealth (i.e., values of exchange), but in the proportion in which it has *developed its powers of production*.”¹⁰⁶ Low-skilled laborers produce powers of exchange, but advanced scientific and technical capacity is essential for producing powers of production. “In the doctrine of mere values, these producers of the productive powers can of course only be taken into consideration so far as their services are rewarded by values of exchange.”¹⁰⁷

One should not underestimate the importance of honing a country’s powers of production for said country’s prosperity vis-à-vis its competitiveness in international trade. “The foreign trade of a nation must not be estimated in the way in which individual merchants judge it, solely and only according to the theory of values (i.e., by regarding merely the gain at any particular moment of some material advantage); the nation is bound to keep steadily in view all these conditions on which its present and future existence, prosperity, and power depend...The nation must sacrifice and give up a measure of material property in order to gain culture, skill, and powers of united production; it must sacrifice some present advantages in order to insure to itself future ones.”¹⁰⁸ To quote List, “the forces of production are the tree on which wealth grows.” Unlike the classical liberals—and like Marx, but to a lesser degree—List acknowledged the conflictual nature of international relations. He felt classical liberalism glossed over the tensions that simmered below the surface of the international political economy and supported an economic ideology that not only justified the superior position of the

¹⁰⁶ Ibid.

¹⁰⁷ Ibid.

¹⁰⁸ Ibid. The last sentence of this quote is part of the logic underlying the formation of regional trade arrangements and explains why countries, such as those of the European Union, would sacrifice autonomy for the benefits of belonging to a more powerful grouping of countries.

industrialized countries, but allowed them through the theory of trade by comparative advantage to advance their wealth and power faster than, and at the expense of, less advanced countries such as Germany. List and his counterparts believed this system was inherently perverse and unjust. Unfortunately, however, their arguments lacked the methodological rigor necessary to combat the highly persuasive logic of free trade and comparative advantage.¹⁰⁹ Consequently, although List profoundly critiqued classical liberalism, he conceded to its logic of free trade, a compromise that reflected a significant negation of classical mercantilist ideology.

Alexander Hamilton, on the other hand, promoted classical mercantilist ideas quite successfully. Hamilton, living and writing in the aftermath of the American Revolution, wanted to see America develop industrial capacity rivaling that of its nemesis, Britain. Like List, he questioned the extent to which the classical liberals' logic of free trade and comparative advantage, which had served Britain so well, would allow the newly minted United States of America to industrialize at a suitably rapid pace. In short, Hamilton doubted whether free market capitalism would serve America's best interests.¹¹⁰ America in the late 1770s was primarily rural, agricultural, and undeveloped. To be sure, its economy was no match for Britain's (then superpower) economy and even lagged behind some of the less advanced nations of Europe.¹¹¹ Yet the U.S.A. was able

¹⁰⁹ Crane and Amawi 1997, 6.

¹¹⁰ Aaron Burr shot Alexander Hamilton on July 11, 1804 during their famous duel. Prior to his death, Hamilton wrote his *Report on Manufacturers*, which he submitted to Congress on December 5, 1791. In it he argued that the newly independent United States should nurture industries with tariffs and subsidies to compete with the British. Thomas Jefferson, who envisioned the United States developing by way of the individualistic yeoman farmer, challenged Hamilton's logic. However, the US government eventually conceded to Hamilton's logic and implemented his plan throughout the 19th century and into the early 20th century.

¹¹¹ Britain had become the world's politico-economic hegemon by the turn of the eighteenth century, superseding Spain, Holland, and France due its leadership of, and wealth generated by, the Industrial Revolution. By the early nineteenth century, the notion of a world economy dominated by one country,

to industrialize shortly after achieving independence due in large part to Hamilton's conviction of the benefits to be wrought for national welfare from economic nationalism and his ability to convince his fellow policy makers to legislate protectionist practices as part and parcel of the new country's public policy. Hamilton was concerned with national economic development as a factor of national self-reliance and security. He felt that agriculture, although important, was secondary to manufacturing as the foundation upon which an economy should be based. His *Report on Manufactures* outlines his ideas on how the United States (and by extension any underdeveloped country) should approach industrial and manufacturing development in order to invigorate the economy and catapult the country into the realm of economic superpowers. Hamilton believed that the state is the agent of economic development. Therefore, it is incumbent on the state to actively promote industrialization. This, of course, was a direct contravention of classical liberalism's endorsement of the freely functioning market as the agent of development. Hamilton undoubtedly believed that the classical liberals' ideas were based in economic illusion, even delusion, not the reality of an unbalanced international political economy. Not surprisingly, his ideas (and List's) were incorporated into the Third World's import-substitution-industrialization policies of the 1950s-1970s and are

Britain, had emerged. Prior to that time, the world's economic and political powers—Spain, Holland, France, and Britain—were not sufficiently developed to see the need for a system of worldwide free trade. However, when Britain realized that 1) it was extremely inefficient to try to feed its rapidly growing population via domestic agriculture and 2) it needed massive amounts of labor to feed its burgeoning industrial machine, it abandoned its protective tariffs to institute a regime of “free trade” wherein it imported food and other raw materials from its colonial territories at cheap prices and, in exchange, exported manufactures to those territories at not so cheap prices. This freed the country's labor, formerly engaged in agriculture, to work in its factories. However, its benefits for Britain notwithstanding, the new system of free trade buoyed by the logic of comparative advantage set up the system of unfair terms of trade between Britain and other metropolitan countries and their dependencies that persists to this day. Much of this information in this footnote was abstracted from Dell 1963, 6-10.

still promulgated today by developing country economic nationalists who hope to help their countries become self-reliant industrialized manufacturing powers.

Stanley Dell was one of these economists. Writing in 1963, Dell remarked that while “[i]t is customary in these days to speak of inward-looking tendencies in the European and Latin American common markets as wholly bad, and of outward looking tendencies as wholly good...[t]he history of the United States shows that the building up of the internal economy on the basis of heavy protection was a major element in the integration of the country. Indeed, the very same factors that made it advantageous for Britain to base its international policies upon *laissez-faire* and free trade during the nineteenth century created a need for protection in other less advanced countries such as the United States and Germany. If the United States was to cease being an economic dependency of Britain and develop a growing volume of internal trade, it would have to set up its own industries to replace imports from Britain. In view of Britain’s technological lead, this inevitably meant protection for United States infant industries.”¹¹² With Hamilton’s lobbying in favor of mercantilist ideals, the U.S. government adopted highly interventionist policies and protected its markets from foreign competition. This enabled American business interests to create import substituting industries, nurture these infant industries, and develop full industrial capacity in short order. Abraham Lincoln observed at the height of this progress: “I don’t know much about the tariff. But I know this much. When we buy manufactured goods abroad we get the goods and the foreigner gets the money. When we buy the manufactured goods at home, we get both the goods and the money.” A century after Hamilton submitted his *Report on Manufacturers*, William McKinley commented about the United States, echoing the spirit of Lincoln’s

¹¹² Dell 1963, 9.

observation: “We lead all nations in agriculture; we lead all nations in mining; we lead all nations in manufacturing. These are the trophies which we bring after twenty-nine years of a protective tariff.” Indeed, “[w]hile American industry was developing, the country had no time for laissez-faire. After it had grown strong, the United States began preaching laissez-faire to the rest of the world—and began to kid itself about its own history, believing its slogans about laissez-faire as the secret of its success.¹¹³ Hamilton, fully cognizant of the conflictual nature of the international economy, openly acknowledged this conflict and, by persuading the state to embrace economic nationalism in contravention of internationally accepted economic ideals, helped deflect the negative consequences that would have afflicted the country had it thrown open its markets to trade and attempted to compete in the free market international economy of the day before it had attained the requisite productive capacity and competitiveness.

Marxist Political Economy

Marxist political economy, developed by Karl Marx and Friedrich Engels and later expanded by countless theoreticians, responded to the struggles of the new industrial working class—the proletariat. In so doing, Marxism diverged from liberal political economy, both classical liberalism and its neoclassical adherent, which treated class struggle in the economic sphere as non-existent or, at best, latent. Marx diverged from the liberals in another manner: whereas liberals believed that society—or, more

¹¹³ Fallows 1993. Thomas McCraw, an economic historian of the Harvard Business School, has explained that while the United States never practiced protectionism in the tradition of the classical mercantilists, “it did exhibit for 150 years after the Revolution a pronounced tendency toward protectionism, mostly through the device of the tariff” (Fallows 1993).

specifically, rational individuals acting in their own self-interest—shaped the economy, Marx believed that the economy shaped society. Marx was more interested in studying the domestic operation of the capitalist mode of production than in developing a theory of IPE or development. That said, his analyses of capitalism yielded findings that were construed into theories of both the international economy and international development. One such Marx finding turned IPE theory was his conclusion that (domestic) capitalism and the international economy evolves in an interactive, dialectical manner—i.e., one shapes the other. When applied to the analysis of why capitalist development occurs in one country, or group of countries, but not another—the question at issue in this research—this concept is very compelling. Therefore, a Marxist-inspired conceptual framework will be utilized in this project.

Marx was particularly fascinated with the role the economic structure plays in socio-political affairs. He had a materialist view of society in which the superstructure, or society's institutions and processes, is conditioned by its economic structure, or infrastructure, comprised of the means of production and the relations of production.¹¹⁴ In the tradition of Fuerbach, Marx contended that a person's being determines his consciousness, and the material conditions in which people find themselves are the motivating forces in the history of society. Marx's method of analysis—historical materialism—was influenced by both Fuerbach and Hegel's portrayal of dialectics.¹¹⁵

¹¹⁴ The superstructure encompasses political, ideological, legal, and religious institutions such as the state, churches, values, and ideologies. The means of production are essentially the material forces that facilitate production, i.e., tools, factories, equipment, skills, technology, and knowledge. The relations of production, on the other hand, is essentially the class structure determined by those who own and control the means of production and those who do not.

¹¹⁵ Hegel believed that a universal spirit determines reality; in his conception of historical materialism, Marx substituted economic relations for Hegel's idealism. Dialectical change examines society in terms of history and social progress. Its driving force is the struggle of contradictory tendencies, the thesis and anti-thesis, to produce a new reality, the synthesis, which becomes the thesis of a new triad. For more on

Although Marx rejected capitalism because of its tendency to perpetuate exploitation and inequality, he envisioned it as a natural phase in the evolution towards socialism, the most equitable of all modes of production. Marx's contention with capitalism is illustrated in his labor theory of value. In it he defines the concept of alienation where the worker, despite his labor, is separated from the product he fashions, from nature, and from other workers. Labor becomes a commodity, forcing one to sell his talent for wages instead of using said talent to produce for oneself. Capital therefore subordinates labor and divides the world into two classes; most people fall into the proletariat class while a small minority rises into the capitalist bourgeoisie class. The proletariat's tendency to provide surplus labor invites capitalist exploitation whereby any surplus value produced by the proletariat is appropriated by the bourgeoisie and reinvested to buy more machines, raw materials, and commodified labor to fuel the capitalist machine. Marx's key agents of social change are social classes acting within structural limits established by dominant forces of production and production relations. Indeed, conflict between the bourgeoisie and proletariat is inevitable. It is incumbent upon the proletariat to gain the requisite social consciousness for organizing itself to overthrow the capitalist system in favor of a more egalitarian, socialist system.

As stated previously, Marx focused more on the domestic economy than the international. Nevertheless, there are two interpretations of Marx's thoughts on why capital expands overseas.¹¹⁶ The following excerpt from the *Communist Manifesto* illustrated one view: "The need of a constantly expanding market for its products chases

Hegel's analysis see his *Phenomenology of Mind* (1807), *Science of Logic* (1812-16), *Encyclopedia of Philosophical Sciences* (1817). For more on Marx's interpretation of Feuerbach's logic, see his *Theses on Feuerbach*.

¹¹⁶ These two interpretations are explored in detail in Crane and Amawi 1997, 83-84.

the bourgeoisie over the whole surface of the globe.” In other words, as capitalism develops domestically and the proletariat becomes increasingly impoverished, consumer demand for commodities decreases. The accumulation of capital, dependent on the realization of surplus value, or profit, from the sale of commodities decreases concomitantly. Capital therefore expands overseas as the owners of capital, the bourgeoisie, goes in search of new markets in which to sell its commodities in order to realize more surplus value and accumulate yet more capital.

In another view of Marx, illustrated in his “Rise of Manufactures” in the *German Ideology*, capital expands overseas due not to internal contradictions, but simply in response to the lure of new opportunities beckoning abroad. Marx outlined three phases in the development of manufacturing, or industrial capitalism, leading to the rise of the industrial bourgeoisie and the expansion of capital abroad.¹¹⁷ In the first phase, which occurred during the feudal era in the fifteenth and early sixteenth centuries, manufacturing expands and transitions away from the medieval guild system into international trade. This was an era of massive socioeconomic transformation, witnessing the expansion of domestic capitalism and international trade, creation of new sources of wealth, and the rise of a new industrial bourgeoisie. As Crane and Amawi noted, “[w]here once trade was ‘inoffensive exchange,’ it is now highly competitive, marked by mercantilism and colonization. This competitiveness cannot be explained by underconsumption; the capitalist mode of production is hardly established.”¹¹⁸ The second phase, which occurred from the mid-seventeenth to the late eighteenth century, brought the development of mature mercantilism and the rise of the “big bourgeoisie,”

¹¹⁷ Much of the information below describing the three phases was abstracted from Crane and Amawi 1997, 84-85.

¹¹⁸ Crane and Amawi 1997, 84.

aka the merchant class which, by capitalizing on the trade benefits accrued from state protectionism, became the most powerful group of the bourgeoisie.¹¹⁹ During this period, trade and manufacturing became concentrated in Britain and a great demand rose worldwide for British goods. This had three outcomes that would serve to empower Britain in terms of its industrial capacity and its position in the world economy: it invigorated domestic industrial development, expanded Britain's trade with the outside world, and increased the world's reliance on Britain's exports.

Britain's manufacturing and trade hegemony was consolidated in the early part of the third phase, only to be challenged in the latter part by other countries' increasing manufacturing development and ensuing forays into international trade.¹²⁰ Protectionism once again reared its ugly head in Britain and its new competitors alike. "This period, covering the nineteenth century, is characterized by universalized international competition and the ascendance of manufacturers over merchants. Protectionism becomes merely a rearguard action against the onslaught of free trade."¹²¹ Marx's historical analysis of the development of industrial capitalism accurately portrays events as they occurred and, as such, is more plausible than the liberals' analysis, which would have us believe that the freely functioning market alone, devoid of class interests and power dynamics, fueled capitalist development domestically and internationally. However, his conviction that capitalism would ultimately give way to socialism has been unfounded—an analytical weakness which moderates the impact of his argument.

¹¹⁹ The contrast here is made to the "petty bourgeoisie," class, aka the small-scale manufacturers, which predominated during the first phase. This would change during the third phase when the manufacturers would once again regain their supremacy as the most powerful sector of the bourgeoisie.

¹²⁰ The United States, following Alexander Hamilton's protectionist philosophy, and capitalizing on an ever-increasing amount of immigrant (proletariat) labor willing to fuel its industrial machine, developed its industrial capacity during this period and rose to become Britain's primary manufacturing competitor.

¹²¹ Crane and Amawi 1997, 84.

Vladimir Lenin, Rosa Luxemburg, Nikolai Bukharin, and Rudolf Hilferding elaborated on the interpretation of Marx's view of capitalist development as imperialist expansion.¹²² Lenin, famous for his theory of imperialism as the highest stage of capitalism, argued that capital expands abroad due to domestic underconsumption: "The necessity of exporting capital arises from the fact that in a few countries capitalism has become 'overripe' and (owing to the backward state of agriculture and the impoverished state of the masses) capital cannot find 'profitable' investment."¹²³ As Crane and Amawi pointed out, Lenin's underconsumptionist bias misses the complexity of Marx's historical analysis of the ways in which international economic forces shaped capitalism's development. This limitation notwithstanding, Lenin's theory is compelling in that it explains the West's imperialistic colonization and export of capitalism to previously uncolonized areas of the South after the Berlin Conference of 1884-85.¹²⁴ In fact, Lenin's theory can be interpreted as taking up where Marx left off in his third phase of capitalist development. Protectionism at that time was rampant in the developed countries so they needed to expand into "virgin" markets if they hoped to acquire new sources of raw materials and continue accumulating wealth in order to invest in yet more industrial development at home. And that they did. After the Berlin Conference ended, the United States and the developed countries of Europe colonized the continent of Africa and much of the East. In doing so—because, per Lenin's analysis, the newly colonized areas were converted into "service stations" with the sole purpose of fuelling their colonizers'

¹²² See Lenin, *Imperialism: the highest stage of capitalism* (1916); Luxemburg, *The Accumulation of Capital* (1913); and Bukharin, *Imperialism and the Accumulation of Capital* (1924);

¹²³ Crane and Amawi 1997, 85.

¹²⁴ With the imperative of securing new sources of raw material for industrial production and new markets for exporting manufactures, the governments of the United States and Western Europe met in Berlin, Germany to divide up and annex the portions of Africa and Asia that had not been colonized previously.

continued capitalist development—they planted the seeds of capitalist underdevelopment in those areas, much like the earlier European colonization of the New World had done in Jamaica and other Caribbean countries.

The 6th Congress of the Third International in 1928 officially recognized the validity of Lenin’s theory of imperialism in explaining Third World underdevelopment. “The first step was to concede that for as long as the colonial bond was not broken, the development of Third World countries would be temporarily arrested. [The Congress thus affirmed] that imperialism is an obstacle to the development of and industrialization of colonial countries.”¹²⁵ Unfortunately, the proposed solution of national independence—when it finally began in the 1950s—did not engender development throughout the Third World as expected. Herein lies the quandary of development theory and the rationale for this research targeting Jamaica, a Third World country that—although it possesses vast agricultural potential—has not experienced the post-colonial development that the 1928 Congress would have predicted.

Neoclassical Political Economy

Neoclassical economics grew out of the classical liberal school. The neoclassical school originated in the late 19th century in tandem with the behavioral revolution and around the same time that Lenin was developing his theory of capitalist development as imperialist expansion. Key neoclassical theorists include Alfred Marshall, Léon Walras, and William Stanley Jevons.¹²⁶ Like their classical liberal predecessors, neoclassical

¹²⁵ Larrain 1989, 9.

¹²⁶ See Marshall, *Principles of Economics* (1890); Walras, *Elements of Pure Economics* (1874); and Jevons, *Theory of Political Economy* (1871).

theorists advocated a self-regulating liberal capitalist economy based on laissez-faire and free trade based on comparative advantage. They believed that self-regulation and free trade fostered a balanced economy with an ensuing social order characterized by equality. The neoclassicists garnered support for their theoretical position by extolling the virtues of capitalism at a time when public support for, and confidence in, the free market was at its peak. The industrial revolution of the 19th century was driven by unregulated capitalism and those who benefited from the industrial innovations—owners of capital and laborers alike—were the system’s biggest champions and, thus, were quite receptive to the neoclassicists’ argument for laissez-faire capitalism. Capitalism, they asserted, cloaks itself in modernity; is driven by profit, investment, accumulation, expansion, and consumption; thrives on competition and entrepreneurship; and requires a complementary context—i.e., a facilitative political/legal/social/cultural enabling environment—in which to function maximally. Hence, neoclassical theory is grounded in the core assumptions that the market is the most efficient allocator of scarce resources; the market is most equitable, particularly to those who work hard; and rewards are proportional to one's output. Therefore, the state has no real role except to act as a neutral arbiter. The principle of self-regulation implies that perfect competition is inherent in the market, therefore no single buyer or seller can unilaterally affect price. Relations in the market are viewed as frictionless exchanges of equal value. Under these conditions, one assumes that the market is balanced or in equilibrium, an ideal situation that exists when the supply offered in the marketplace is depleted by the demand for said supply.

The premise of perfect competition is the invisible hand principle, first proclaimed by Adam Smith in his famous treatise of 1776, *The Wealth of Nations*.

According to this principle, government interference with free competition is not only unnecessary but also damaging because every market actor is guided to pursue his own selfish good and, in so doing, achieves the best situation for everyone.¹²⁷ Each actor competes with other actors and thus, maximizes his interests. There are many competing firms and each firm is well informed about quality and about each other's prices.¹²⁸ The orderly outcome benefits everyone. Another core assumption of neoclassicism is the idea the market is balanced or in equilibrium. Competitive equilibrium occurs at the intersection point of the supply and demand curves.¹²⁹ In other words, the equilibrium price is the price at which the amount of goods supplied in the market is equal to the amount demanded by the market.¹³⁰ The central question in equilibrium analysis is the following: who or what apportions the scarce resources of the market? According to Samuelson, the mechanism of competitive market price allocates resources in a process of “rationing by the purse.”¹³¹ Market actors utilize their “money votes” to purchase resources according to their desire or need for said resources.¹³² The notion of countervailing power in the marketplace implies that when market actors actively seek their own interests everything ultimately balances out.

Perfect competition and equilibrium implies that market actors have complete information about the market mechanism and about all other market actors. Indeed, the acquisition of this information is costless. When it is costless to transact, the efficient competitive solution of neoclassical economics holds true.¹³³ Essentially, “the

¹²⁷ Samuelson 1973, 43.

¹²⁸ Samuelson 1973, 63.

¹²⁹ Ibid.

¹³⁰ Ibid.

¹³¹ Samuelson 1973, 67.

¹³² Samuelson 1973, 71.

¹³³ North 1996, 15.

competitive structure of efficient markets leads the parties to arrive costlessly at the solution that maximizes aggregate income regardless of the initial institutional arrangements.”¹³⁴ This is the basic premise of the Coase Theorem. Herein lies the assumption that equilibrium exists when market actors maximize their preferences; barring irrationality, market actors will always strive to maximize their wealth. Furthermore, according to game theory, wealth-maximizing individuals will cooperate with other actors when they have complete information about the past performances of these other actors.¹³⁵ This ensures the existence of order and equilibrium in the market. According to the principle of rational choice implicit in neoclassical economic analysis, individuals reveal internal sets of preferences through the choices they make. In essence, the standard neoclassical model of transaction and exchanges assumes that “commodities are identical, the market is concentrated at a single point in space, and the exchange is instantaneous. Moreover, individuals are fully informed about the exchange commodity and both parties know the terms of trade. As a result, no effort is required to effect exchange other than to dispense with the appropriate amount of cash.”¹³⁶ This is the standard neoclassical Walrasian model, which negates the interplay of transaction costs in the exchange process.¹³⁷

The basic assumption of capitalism is that all entrants into the market are driven by materialist motives. Neoclassical economics extends the capitalist metaphor to areas of nature and human activity. Individuals know what they want and their preferences are allegedly driven by rational material calculation for material benefit—the material benefit

¹³⁴ North 1996, 15.

¹³⁵ North 1996, 12.

¹³⁶ North 1996, 30.

¹³⁷ North 1996, 30.

at issue is earned income potential. Neoclassical economics also assumes that the current distribution of assets is optimal; any intervention will decrease the aggregate welfare of the entire system. This is the basic ideological premise of Pareto optimality. With an absence of market domination and exploitation, all households are considered equal, thus current resource allocation is deemed equitable. Consequently, the state's only role is that of a neutral arbiter, enforcing competitive behavior among private actors. As neutral arbiter, the state serves the following non-economic functions: sets distributional boundaries, defends property rights, provides for international defense, fosters positive values, intervenes when private actors do things that endanger the community, and passes pro-market regulations to prevent the formation of monopolistic or oligopolistic factions. The state should in no way interfere with the functioning of the laissez-faire market, which needs no external regulation because it is inherently self-regulating.

Neoclassical political economy ambitiously (or naively) assumes the absence of exploitation and domination in the market. It also takes for granted, quite erroneously, that market transactions always take place under conditions of perfect competition and that all market actors have complete information. Its theory of equilibrium and exchange, in its quest to demonstrate the tendency towards market stability, overlooks the existence of class and sectoral conflict that pervades market relations.¹³⁸ As a result, socio-economic questions such as the unequal distribution of wealth and income are ignored. When applied to trade, neoclassical political economy glosses over developed countries' relative economic superiority and related political power in market transactions vis-à-vis developing countries to create the illusion of a level playing field among market actors

¹³⁸ See Edward J. Nell, *Economics: The Revival of Political Economy in Social Research* (1972): 77-78.

devoid of transaction costs and, consequently, attributes developing country failings solely to their own weaknesses and deficiencies.¹³⁹

Keynesian Political Economy

John Maynard Keynes' contribution to development theory rests primarily in the formulation of his General Theory, which fundamentally altered the universally accepted view of the role of government in the economy and, by extension, society. Keynes' General Theory, expounded in *The General Theory of Employment, Interest and Money* (1936), contravened the then prevailing neoclassical logic of laissez-faire liberal capitalism which obligated states to follow a "hands-off" policy of non-intervention regardless of the social chaos that could be triggered by an imploding free market. Keynes, unlike the neoclassicists, openly acknowledged that capitalism did not produce indefinite periods of economic expansion. On the contrary, capitalism—given its tendency for creative destruction—produced cycles of both boom and bust.¹⁴⁰ State intervention is therefore essential for mitigating the societal impact of the bust cycles.

Keynes, who wrote his *General Theory* at the height of the Great Depression, argued that in times of economic downturn and decreasing private sector investment, the state should intervene in the market to ensure full employment and prevent a dangerous cycle of declining investment, increased unemployment, decreased consumption, and yet less incentive for private capital to invest, leading eventually to spiraling unemployment

¹³⁹ Modernization theory and neoliberalism, the intellectual offspring of neoclassical political economy, also postulate this overly simplified and unfortunate attribution.

¹⁴⁰ Joseph Schumpeter (1942) outlined capitalism's tendency for creative destruction. Schumpeter argued that socialism is inevitable because the excesses of capitalism eventually bring about its demise.

and social misery as had occurred in the Great Depression.¹⁴¹ While the policy of non-intervention ensured that market equilibrium would be reached, it did nothing to mitigate the social dislocation that invariably accompanied rising unemployment precipitated by decreasing private sector investment. Keynes, as explained by Robert Skidelsky, believed that “[s]tability of internal economic conditions was the essential requirement of social stability; this precluded a laissez-faire attitude to the three chief determinants of the standard of life: population, money, and saving and investing.”¹⁴² Keynes, therefore, encouraged states to become economic actors by regulating key enterprises to moderate the potential excesses of the free-market capitalist economy and its erratic business cycles. This was essentially Keynes’ public goods rationale for state interventionism. Keynes’ logic was extremely influential.¹⁴³ Indeed, it dictated economic policy in post-World War II America, most prominently in Roosevelt’s New Deal programs and the creation of the welfare state. It would also prove quite persuasive for Third World economists hoping to develop their post-colonial national economies. His legacy is still felt today in that people worldwide believe economies should be managed to secure objectives such as full employment, stable prices, a healthy balance of payments, and a satisfactory growth rate.¹⁴⁴ Additionally, most contemporary governments, whatever their neoliberal rhetoric, continue to endorse the mixed economy.

¹⁴¹ Friedrich Hayek (1944), who wrote around the same time as Keynes, advocated precisely the opposite course of action. Hayek stated, contrary to Keynes and Schumpeter, that socialism is not inevitable. Therefore, planning is both unwarranted and inadvisable. Competition, not planning, is the ideal. Milton Friedman, another influential Keynes opponent, led the Chicago School of free market libertarianism during the 1960s and 70s. One of the best known living economists, Friedman has written numerous works extolling the virtues of laissez-faire capitalism. Of these, *Capitalism and Freedom* (1962), written with his wife Rose D. Friedman, is considered his seminal work.

¹⁴² Skidelsky 1992, chapter 7.

¹⁴³ Keynes’ logic retained its influence through the late 1970s when the neoliberal critique, popularized by Reagan-Thatcherism, was mounted.

¹⁴⁴ Skidelsky 1992, chapter 7.

The Modern Global Economy and the New Models of Development

The modern global economy began after World War II. The first half of the twentieth century, prior to WWII, was marked by war, trade protectionism, and a debilitating great depression that devastated the world economy. Immediately after the war, the United States led other nations in creating a system of international governance to promote international cooperation, consolidate world peace, foster international security, and invigorate the post-war world economy.¹⁴⁵ This resulted in the establishment of the United Nations and a triumvirate international economic bureaucracy comprised of the World Bank, International Monetary Fund (IMF), and General Agreement on Tariffs and Trade (GATT).¹⁴⁶ Each organization received a distinct mandate aimed at thwarting any resurgence of the forces that had caused the Great Depression and world war. The World Bank, IMF, and GATT were designed to reconstruct economies—both national and international—and foster global economic interaction and harmonization. Due to their explicit trade and development functions, the GATT/World Trade Organization (WTO), World Bank, and IMF are of particular relevance to this research. Each organization has figured prominently in the development debate. The World Bank and IMF especially did much to rebuild the damaged economies of Europe, a necessary first step for jumpstarting a world economy decimated

¹⁴⁵ In 1944, the U.S. hosted the Bretton Woods and Dumbarton Oaks conferences at which delegates from around the world laid the groundwork for achieving these aims.

¹⁴⁶ The GATT, initially conceived as the International Trade Organization (ITO) but not created as such due to lack of U.S. support, transmuted into the WTO in 1994 during the Uruguay Round of trade negotiations.

by war.¹⁴⁷ In accordance with the period's "social-democratic ethos," the economic blueprint for the post-war world order featured the Keynesian principle of state intervention to provide public goods and ensure adequate levels of employment.¹⁴⁸

Ironically, however, Keynesian economics was soon challenged as a model of development policy. Modernization theorists, who asserted that liberal capitalist democratization per the experience of the world's advanced countries spurred economic development, mounted the first challenge. The second, and more potent, challenge, was mounted by neoliberal theorists and practitioners who disparaged state interventionism as a means of curing the market's "ills" and urged a return to laissez-faire economics, liberalization, and unregulated trade. Neoliberal political economy has proven victorious in the battle of development theories. Indeed, the World Bank, IMF, and WTO—the "holy trinity" of international financial institutions (IFIs)—are steeped in the neoliberal tradition. Consequently, by means of their agency in transactions with client/member nations, neoliberal principles are now entrenched worldwide and dictate policy in, and for, a majority of the world's countries.

Modernization Theory

Modernization theory evolved after World War II as a derivative of neoclassical political economy. For the first time in the trajectory of IPE theory, a theory of

¹⁴⁷ Under the stewardship and direction of the United States, the majority shareholder in both organizations, the IMF and World Bank implemented the Marshall Plan designed to rebuild war-torn Europe and return to the United States its traditional trading partners in order to ensure its continued growth and, by extension, global economic expansion.

¹⁴⁸ As a testament to his influence on economic policymaking, Keynes was invited to help draft the plan to create the new post-war economic system. As Colin Leys explained, the sentiment of the day included a "commitment to planning and its conviction that economic problems would yield to the actions of benevolent states endowed with sufficient supplies of capital and armed with good economic analysis" (Leys 1996, 8).

development now dealt specifically with the Third World, albeit by extrapolating the First World experience to poorer countries. Per modernization logic, First World countries transformed from traditional, agricultural societies to modern, industrial states by means of laissez-faire economics. In other words, by freeing individuals to work, produce, and trade in their own self-interest, free-market capitalism facilitates development.¹⁴⁹

The post-war period was a time of social, economic, and political transformation worldwide. Europe was undergoing reconstruction, via the Marshall Plan implemented by the U.S. government and spearheaded by the new Bretton Woods institutions. In addition, colonial structures—established during the two principal eras of European colonization in the South and East—had begun to crumble. The rise of the Soviet bloc in the post-war era shifted the balance of power and introduced a new ideological rift in the global political economy, one that would dictate national policymaking and formation of strategic alliances for years to come. According to Rajani Kanth, “[t]he emergent socialist republic of the Soviet Union, though weak and impoverished in itself, was nonetheless to provide for the next seventy years political, diplomatic, and military support for both national liberation struggles and struggles for socialist transformation, within the context of what was eventually to be termed the ‘Third World’ or, more apologetically, the ‘developing countries.’”¹⁵⁰ The historically dominant western governments had to act if they hoped to maintain power and reign in the new state upstarts.

¹⁴⁹ Farmer 1999, 9-10.

¹⁵⁰ Kanth 1994, 3.

Modernization theorists advanced their cause by propagating a western-centered liberal capitalist democratic theory of development. The advanced countries had grown and developed ostensibly because they had faithfully and unerringly pursued free-market economics. Hence, the modernizationists exhorted the world's new (and largely poor) ex-colonies to follow the path to development that their more advanced counterparts had so successfully embraced, or risk interminable backwardness. In doing so, they attempted to coax these soon-to-be independent countries away from the socialist path made attractive to them by the Soviet Union's pledges of monetary aid and technical assistance for development in exchange for alliance. Colin Leys interpreted this course of events through a lens focused on geopolitical strategic interests:

[modernization theory's leading exponents] were most closely connected to the American state and accepted its purposes, including its intense preoccupation with combating communism. Some modernization theorists were serious cold warriors—Gabriel Almond, Edward Shilis, Lucien Pye and Samuel Huntington, for example—others merely accepted the Cold War and were content to see themselves as the 'liberal' wing of American development studies, believing that modernization would in any case bring democracy as well as economic growth. Very few at that time publicly questioned the identification of modernization studies with the aims of U.S. foreign policy.¹⁵¹

Key modernization theorists of the day included Ragnar Nurkse, Walt Rostow, Alexander Gerschenkron, and W. Arthur Lewis, a Caribbean national. These theorists largely addressed the economic factors that promoted and stifled growth, emphasizing the role domestic forces played in either perpetuating backwardness or expediting modernization.¹⁵² Other theorists extrapolated modernization theory to address issues of

¹⁵¹ Leys 1996, 10 and Irene Gendzier, *Managing Political Change: Social Scientists and the Third World* (Boulder: Westview, 1985).

¹⁵² Nurkse, *Patterns of Trade and Development* (1959); Rostow (1960); Gerschenkron, *Economic Backwardness in Historical Perspective* (1962); Lewis, *The Theory of Economic Growth* (1955).

democratization, political culture, and the link between these and economic growth.¹⁵³ Modernization scholars applied neoclassical economic theory to the developing country experience when the issue of “Third World” (under)development was first emerging on the global radar. “Interestingly, when scholars of political economy turned their attention to the underdeveloped world after WWII, there was a tendency to return to the nineteenth century liberal paradigm, which had failed the developed world in the [early] twentieth century, and apply it to developing countries as a guide for development.”¹⁵⁴ By the 1950s, faith in Keynesian development economics was on the downslide. Gunnar Myrdal highlighted India as a case in point of the “failed” paradigm, claiming that the Indian state was soft and incapable of serving as a rational, benevolent enforcer of the national interest.¹⁵⁵ However, Myrdal’s glib assessment of the Indian state oversimplified the complex problems that plagued the Third World and “lay beyond the conceptual and empirical scope of mainstream—i.e., neo-classical—economics.”¹⁵⁶ These limitations, notwithstanding, neoclassical economics expressed in a new guise—as modernization theory—replaced Keynesian economics as the new development paradigm and the answer to why Third World countries were resistant to modernizing change.

¹⁵³ These theorists include Seymour Martin Lipset (1959), Barrington Moore (1966), Lucien Pye (1966), Samuel Huntington (1968), Gabriel Almond (1960), and Sydney Verba (1965). See also David Apter’s *The Politics of Modernization* (1965). Lipset is famous for his argument that “democracy is related to the state of economic development... The more well-to-do a nation, the greater the chances it will sustain democracy” (1963, 31). Pye postulated that underdevelopment stems from internal structural impediments to development. Almond and Verba took the cultural approach, arguing that the absence of a “civic culture” in traditional societies impeded their development. Robert Putnam elaborated on this premise in his landmark work *Making Democracy Work* (1993), an analysis of cultural and economic transformation in Italy.

¹⁵⁴ Farmer 1999, 9.

¹⁵⁵ Gunnar Myrdal, *Asian Drama: An Enquiry Into the Poverty of Nations* (New York: The Twentieth Century Fund, 1968), Vol. I, p. 66. See also Chapter 18, sections 13-14.

¹⁵⁶ Leys 1996, 8.

Ronald H. Chilcote has characterized modernization theories as “ethnocentric, biased in favor of a particular economic path, ideological in their Western assumption of pluralistic politics, and dogmatic in their insistence upon a continuous progression through historical stages.”¹⁵⁷ Given its evident theoretical and empirical limitations, it is not surprising that modernization theory incited a scathing critique.¹⁵⁸ Like neoliberalism would one day be misapplied to developing countries, modernization theory was even more so as it advocated the problematic stage theory of development developed by Walt Rostow and expanded by Alexander Gerschenkron.¹⁵⁹ Stage theory asserted the—since proven untenable—premise that all countries are destined to follow a pre-determined, directional process of growth from undeveloped to developed, unimpeded by destabilizing external forces.¹⁶⁰ Modernization theory thus asserted the “pull yourself up by your bootstraps” development mentality, arguing that a country’s lack of economic development is due to internal deficiencies that impeded, or stalled, its development momentum causing it to deviate from the proper evolutionary development path taken by the advanced countries. “By eliminating the importance of climate, especially in the tropics and subtropics, the role of social organizations and institutions, and the effects of income and levels of living, Western economic theory led the poor countries to believe

¹⁵⁷ Chilcote 1984, 11.

¹⁵⁸ The critique took shape in the dependency school originated by the United Nations Economic Commission for Latin America (ECLA) and developed by countless development theoreticians and practitioners. In true Marxist/Hegelian dialectical fashion, dependency theory itself provoked an even more scathing and enduring critique: neoliberalism.

¹⁵⁹ Rostow (1960) and Gerschenkron, *Economic Backwardness in Historical Perspective* (1962).

¹⁶⁰ This “stage theory” of economic development typified early development theory. Stage theory asserts that states develop in a linear process and all states pass through the same historical stages of development. The Third World exists at an earlier (undeveloped) stage of development and the First World at an advanced (developed) stage. Interestingly, some stage theorists did see holes in their theory and carved out caveats. Gerschenkron, for instance, recognized that different periods could exhibit different types of development. For example, a “backward” country could advance faster than had an industrialized country if it had access to and adopted forms of technology available in the industrialized country. Using this logic, Gerschenkron credited Soviet Russia and Meiji Japan as the exceptions.

that they only had to close a ‘time lag’ to catch up with the West. This was no more than Marxism, but in the West such a fact was concealed and simplified by the theories of ‘stages of growth.’ In this sense the poor countries were fed a one-dimensional development process which was teleologically optimistic.”¹⁶¹ Illustrative of this mindset is a 1951 United Nations report demonstrating modernization theory’s disdain for anything that perpetuates traditional ways of life and, by extension, impedes modernity:

Ancient philosophies have to be scrapped; old social institutions have to disintegrate; bonds of caste, creed and race have to burst; and large numbers of people who cannot keep up with progress have to have their expectations of a comfortable life frustrated.

Needless to say, given the proven intractability of poverty and underdevelopment in the world’s poorest nations, this mentality oversimplifies the problem and overstates the solution. Clearly, more is at stake than the perpetuation of national social and cultural traditions. Dependency theorists attacked this limitation and challenged the modernization premise that “[c]ontact with industrialized nations is desirable for LDCs in order to learn the proper path to development through the example, aid, trade, and technology sharing of the industrialized states. It is this classic liberal modernization paradigm from which the dependency perspective arose as a reaction after WWII.”¹⁶²

Dependency/World Systems Theory

The dependency school of development theory evolved in reaction to the modernization school and has been shaped by theorists grounded in the Marxist tradition. Marxist theorists’ ideas on class dynamics, the state, relations of production, power, and

¹⁶¹ Vallianatos 1976, 11.

¹⁶² Farmer 1999, 11.

imperialism influenced this generation of social science theorists concerned about the disparate levels of development evident in the global economy, the reasons for these disparities, and the obstacles/stimuli to development. Dependency theorists wrote, and continue to write, most vigorously against theorists grounded in the neoclassical economic tradition, particularly those purporting the logic of free market capitalism, economic liberalization, and trade according to comparative advantage as the sole recipe for sustained, balanced growth and development. Contrary to their liberal colleagues, who wrote about (positivist) development, the dependistas' work encapsulated the various theories of (negativist) underdevelopment. In general, dependency theorists agree that a few countries hold the world's politico-economic power to the detriment and subjugation of the majority of countries, most of which are poor, developing countries, and see little hope for a more equitable transformation.

Theotonio dos Santos' conceptualization of dependency is widely accepted.¹⁶³ Dos Santos defined dependency as "a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected. The relation of interdependence between two or more economies, and between these and world trade, assumes the form of dependence when some countries (the dominant ones) can expand and can be self-sustaining, while other countries (the dependent ones) can do this only as a reflection of that expansion, which can have either a positive or negative effect on their immediate development."¹⁶⁴ He outlined three historical forms of dependency: colonial dependency in which trade

¹⁶³ Chilcote 1984, 60.

¹⁶⁴ Dos Santos 1970, 231.

monopolies were granted over the land, mines, and labor in the annexed territories; financial-industrial dependency during the imperialist period of the late 19th century when international capital expanded from the center to dominate a newly-augmented periphery; and a new “post-WWII” dependency characterized by the predominance of industrial-financial capital embodied by the multinational corporation and oriented towards the internal markets of underdeveloped countries.¹⁶⁵

There are various streams of dependency theory. Raúl Prebisch, an economist writing under the auspices of the United Nations Economic Commission for Latin America (ECLA)¹⁶⁶ during the post war era, formulated the dependency theory of economic development, which rejected the explicit post-WWII emphasis on modernization theory advocating open trade and free market capitalism as the vehicles of growth and development. Dependencia extended Keynesianism to the Third World context, with an international component of power relations between states that have and states that have not. Prebisch argued that, contrary to assertions by development economists and popular opinion of the day, international trade had not effected economic development in all participating countries, particularly the former colonial territories in the Third World. Instead, international trade had reinforced the uneven development instigated and perpetuated by colonialism, which had altered the institutional, production, and socio-economic structures of the colonized territories towards the First World, and, consequently, had generated structural problems in these territories which would forever

¹⁶⁵ Chilcote 1984, 61.

¹⁶⁶ ECLA has since been widened to include the Caribbean countries. It is now the United Nations Economic Commission on Latin America and the Caribbean (ECLAC).

disadvantage them in trade amongst themselves and, even more so, with their former colonizers and other First World countries.

In this regard, Prebisch built on Karl Marx's notions of capitalist subordination of the proletariat (the Third World) by the bourgeoisie (the First World) and Vladimir Lenin and Rosa Luxemborg's notions of capitalist imperialism of poor countries by rich countries. He also borrowed heavily from mercantilist theory formulated by Freidrich List and advanced by Alexander Hamilton.¹⁶⁷ Prebisch's formulation of dependency theory asserted that the world's nations were aligned in a center-periphery relationship and the poorest countries—those in the Third World—had been relegated to the production of raw materials for fueling the First World's industrial manufacturing capacity and, consequently, were resigned to a dependent status in the world economy.¹⁶⁸ Indeed, “with distorted national institutions and economic structures, Third World countries were defenseless to the distortionary development implied by trade-induced interaction with heavily-financed First World monopolistic capitalism.”¹⁶⁹ Prebisch thus broke with his predecessors' conception of development as growth and capital-formation wherein Latin American, African, and Asian countries were seen as the earlier “underdeveloped” versions of the world's industrialized countries that would eventually develop along the lines of the United States and western Europe.¹⁷⁰ In this regard,

¹⁶⁷ Both List and Hamilton advocated government intervention into the economy to cultivate manufacturing capacity. While both deemed agriculture critical for a nation's economic viability, neither believed a country could sustain itself economically and compete effectively with more advanced nations through agricultural production alone. Therefore, neither was convinced by—and, indeed, both strongly criticized—Adam Smith's laissez-faire economic model of production and trade based on the logic of comparative advantage.

¹⁶⁸ Much of the discussion here of dependencia was abstracted from the New School University's Center for Economic Policy website: <http://cepa.newschooll.edu/het/schools/develop.htm>.

¹⁶⁹ See <http://cepa.newschooll.edu/het/profiles/prebisch.htm>.

¹⁷⁰ See the earlier references to stage theory developed by Walt Rostow and Alexander Gerschenkron.

Prebisch rejected other development theorists' tendency of conceptual stretching by which they ascribed a uniform pattern of development to all countries regardless of particular contextual circumstances.¹⁷¹

Prebisch, like Keynes, advocated government intervention into the economy to increase savings and output growth, but he focused more on the Third World government's role in hastening industrialization to place the periphery on a path of autonomous, self-sustaining growth and development. He proposed import-substitution, rather than trade and export-led development, as the vehicle of industrialization, arguing that a degree of protection—via restriction of imports—was essential for initiating and sustaining industrialization in the periphery and, thus, for breaking the periphery's dependence on the center.¹⁷² This view of the relationship between government and markets paved the way for the model of import-substitution industrialization (ISI) that many Caribbean countries implemented during the 1960s and 70s. The state became a strongly interventionist entity that nurtured infant industry, owned large shares of public enterprise, and employed lots of people in large bureaucracies. However, as time would tell, the extent of Caribbean government intervention into the economy, particularly the nationalization of various foreign enterprises due to economic nationalism, eventually became problematic for metropolitan governments, international financial institutions, and foreign corporations who all objected strongly to this course of events.¹⁷³

¹⁷¹ Giovanni Sartori discusses conceptual stretching in "Concept Misformation in Comparative Politics." *American Political Science Review* 64: 1033-53 (1970).

¹⁷² This is the essence of the Prebisch-Singer thesis highlighting Prebisch and Hans Singer's conviction that protectionism by way of import substitution was the developing world's path out of lasting peripherization and dependency. Both Prebisch and Singer doubted that trade and export-orientation was the solution. Hans Singer later moderated his tone to argue that industrialization could benefit developing countries so long as their terms of trade were not unfavorable.

¹⁷³ Michael Manley's nationalization of Jamaica's bauxite corporations, hotels, and agricultural estates was especially censured. Manley's actions during this period would return to haunt him in the future when

Along with Prebisch's work and that of the ECLA school, the contributions of several other scholars to the dependency canon have particular applicability to the Jamaican case.¹⁷⁴ Andre Gunder Frank, famous for his theses on underdevelopment and dependency, asserted that the relationship between developed metropolises, or advanced industrialized centers, and underdeveloped satellites, or poor peripheral countries, was a manifestation of capitalist expansion since the sixteenth century and the center's centuries-long exploitation of the periphery. In Frank's view, underdevelopment was not a natural state, but one cultivated by the negative impact of capitalism.¹⁷⁵ Frank's views were quite controversial and sparked much vitriol from critics who questioned his unidimensional emphasis on purely external obstacles to development. Frank presented a pointed critique of modernization theory, particularly the premise that all countries were predestined to follow a linear process of development. "Underdevelopment is not original or traditional...The now developed countries were never *underdeveloped*, though they may have been *undeveloped*."¹⁷⁶ Frank outlined several hypotheses as follows.¹⁷⁷ First, countries are aligned in a metropole-satellite relationship wherein the metropolises tend to develop and the satellites to underdevelop. The metropolises are divided into two groups: world metropolises that are not satellites of any country and secondary metropolises that are satellites of the world metropolises and subject to the underdevelopment that

Jamaica's declining economic condition would force him to ask (beg?) the World Bank and IMF for financial assistance.

¹⁷⁴ Other influential dependency theorists include Arghiri Emmanuel, Osvaldo Sunkel, Celso Furtado, Theotonio dos Santos, Ruy Mauro Marini, Ernest Mandel, and lastly Immanuel Wallerstein, who articulated the related but distinct world systems theory. Influential Caribbean dependency thinkers include Walter Rodney, George Beckford, Norman Girvan, Carl Stone, Michael Witter, and Michael Manley. These and other scholars comprised the Caribbean radical new political economy school discussed below.

¹⁷⁵ See A.G. Frank, *The Development of Underdevelopment*, *Monthly Review* 18 (September 1966), p. 17-31. Also see Chilcote 1984, 11. Gunder Frank would later moderate his argument in response to criticism from his peers and after dependency theory was discredited.

¹⁷⁶ Frank 1966, 17, 18.

¹⁷⁷ Frank 1966, 35-30. See also Chilcote 1984, 86-87.

bedevils all satellite countries. Second, satellites tend to develop when their ties to the metropolises are weakest. Third, contrary to the logic of modernization theory, “backward” countries were not isolated and precapitalist in the past. On the contrary, they were able to supply capital and primary commodities to the metropolises. However, they deteriorated after they were abandoned by the metropolises. Fourth, the large plantation-style estate was the dominant model of production in the satellites whereas industrial enterprises predominated in the metropolises. Fifth, the satellites’ decline stems not from the alleged isolation and pre-capitalist orientation but from the decline of agriculture and mining in areas abandoned by the metropolises. In a nutshell, “underdevelopment as we know it today, and economic development as well, are the simultaneous and related products of the development...of a single integrated economic system: capitalism.”¹⁷⁸

Frank’s hypotheses invigorated the development debate by bringing dependency theory into the mainstream. He proposed class struggle as the solution to the problem of capitalist underdevelopment; the colonial structure of international capitalism had empowered a national bourgeoisie that represented imperial interests, so an anti-imperialist struggle was by nature a class struggle against capitalism itself.¹⁷⁹ Frank’s ideas attracted both derision and praise. Theoreticians and policymakers throughout the newly independent Third World accepted his ideas. Theoreticians outside the Third World, on the other hand, attacked his ideas as unfounded and empirically unsophisticated. Although Frank’s ideas generated a lot of controversy, he still figures

¹⁷⁸ Frank 1975, 43.

¹⁷⁹ A.G. Frank, *Latin America—Underdevelopment or Revolution: Essays on the Development of Underdevelopment and the Immediate Enemy* (New York: Monthly Review Press, 1969).

prominently in the development debate. Foster-Caster offered the following explanation for Frank's enduring legacy:

Frank's great merit is to have, at a certain place and time, stated the new paradigm [opposing traditional diffusionist theories of development] with such brute force that no one could possibly confuse it with anything else. Historically, this was perhaps necessary: later—in fact immediately—the critiques began, and it was discovered that Baran or the Latin American “structuralist” school had said it all before (to the extent that this is true, Frank never denied it), and that Frank's formulations are extremely crude: he saw capitalism everywhere, because he doesn't distinguish a mode of production from a social formation, and he wrongly assumes that exchange relations dominate production and that metropolis-satellite structures come before classes, and so on and so on... What is in danger of being forgotten is that it was only because of Frank that we can now supersede him!¹⁸⁰

Frank clearly exaggerated the stultifying effects of capitalism, and of external forces in general, on development. As Novack surmised, his analysis “is highly oversimplified. It leaves no room for complex historical situations, combined class relations and contradictory socioeconomic formations.”¹⁸¹ Nevertheless, some of his ideas—particularly the metropole-satellite dynamic denoted in hypothesis #1—have explanatory force in delineating the problem of underdevelopment in the Caribbean.¹⁸²

Pablo González Casanova's analysis of internal colonialism is quite persuasive and captures the process of post-colonial transformation (or lack thereof) that has occurred in Jamaica. His approach is two-dimensional: “one which allows the typification of colonialism as an integral phenomenon, changeable from an international to an internal category; and another which permits us to see how the phenomenon has

¹⁸⁰ Aiden Foster-Carter, “From Rostow to Gunder Frank: Conflicting Paradigms in the Analysis of Underdevelopment,” *World Development* 4 (March 1976): 167-180.

¹⁸¹ G. Novack, “The Permanent Revolution in Latin America,” *Intercontinental Press* 8 (November 16, 1970): 981.

¹⁸² Frank developed his metropole-satellite hypothesis in several works. See in particular Frank (1967).

occurred in a new nation which has reached the ‘takeoff stage.’”¹⁸³ He postulated that the colonial structure and influence do not magically disappear after a country is granted formal independence. On the contrary, the newly independent country’s international and internal structure typically remains unaltered. “The new nations preserve, above all, the dichotomous character and contradictory types of relations similar to those found in colonial society.”¹⁸⁴ Indeed, according to an official of Jamaica’s Banana Industry Board, the country’s agricultural production structure was not altered at independence because it was difficult to revolutionize the entire productive and trading structure while forging a new nation.¹⁸⁵ Internal colonialism is therefore structural—it emanates from the policies of the new state and of the metropolis (to use Gunder Frank’s terminology) which continues to dominate and exploit the country. This perpetuates dependence and ultimately underdevelopment.¹⁸⁶

Ernest Mandel extends this thesis, claiming that the systems of development and underdevelopment are reciprocal and surplus profit is achieved at the expense of less developed countries and regions.¹⁸⁷ “Hence development takes place only in juxtaposition with underdevelopment; it perpetuates the latter and itself develops thanks to this perpetuation.”¹⁸⁸ Indeed, the industrialized countries accrued surplus value—and therefore accumulated wealth—by virtue of their exploitation of poor countries in the

¹⁸³ Casanova in Horowitz et al., *Radicalism in Latin America: A Documentary Report on Left and Nationalist Movements* (New York: Random House, 1969), 121.

¹⁸⁴ Casanova in Horowitz et al., *Radicalism in Latin America: A Documentary Report on Left and Nationalist Movements* (New York: Random House, 1969), 130.

¹⁸⁵ From the researcher’s personal interview transcript.

¹⁸⁶ Casanova’s analysis of internal colonialism will be explored further in later chapters of this research, particularly in reference to Jamaica’s experience in the world trade and investment regimes.

¹⁸⁷ Chilcote 1984, 75.

¹⁸⁸ Mandel 1975, 102.

Third World, i.e., by extracting surplus profit from the Third World.¹⁸⁹ This schema is characteristic of the capitalist world system wherein cycles of development and underdevelopment occur at different times in different regions and in different sectors.

In the age of freely competitive capitalism its predominant weight lay in the regional juxtaposition of development and underdevelopment. In the age of classical imperialism it lay in the international juxtaposition of development in the imperialist states and underdevelopment in the colonial and semicolonial countries. In the age of late capitalism it lies in the overall industrial juxtaposition of development in growth sectors and underdevelopment in others, primarily in the imperialist countries but also in the semicolonies in a secondary way.¹⁹⁰

Mandel, like Casanova, asserted that the developing country's fortune is tied to the interests of united local and foreign capital; metropolitan interests coalesce with those of local elites in the age of late capitalism at which point the phenomenon of unequal exchange becomes the primary form of exploitation.

Fernando Henrique Cardoso's thesis on associated dependent development extends the thesis developed by Casanova and Mandel. Cardoso, who wrote the seminal *Dependency and Development* (1979) with Enzo Faletto and who, until early 2003, was president of Brazil, used a dialectical approach to explaining underdevelopment highlighting "not just the structural conditioning of social life, but also the historical transformation of structures by conflict, social movements, and class struggles."¹⁹¹

Cardoso and Faletto's analysis of dependency considered domestic forces of change and

¹⁸⁹ This phenomenon is known today as repatriation of profits. Repatriation, by pre-empting local investment of profits, mitigates against local capital accumulation and therefore perpetuates host (satellite) country underdevelopment while promoting home (metropolis) country development.

¹⁹⁰ Mandel 1975, 103.

¹⁹¹ Cardoso and Faletto 1979, x.

linked them to processes occurring in the global sphere. Their conception of structural dependency thus related internal and external forces.¹⁹²

We conceive the relationship between external and internal forces as forming a complex whole whose structural links are not based on mere external forms of exploitation and coercion, but are rooted in coincidence of interests between local dominant classes and international ones, and on the other side, are challenged by local dominated groups and classes.¹⁹³

External forces include metropole governments, multinational corporations (MNCs), imported technology, and international financial institutions. Their interests are expressed in the local economy by virtue of their alliance with local elites; “[d]omination of external forces may appear as an internal force through the practices of local classes and groups whose interests and values coincide with those of foreign ones.”¹⁹⁴ Hence “the analysis of structural dependency aims to explain the interrelationships of classes and nation-states at the level of the international scene as well as at the level internal to each country.”¹⁹⁵ Concordant to the conservative (neoclassical) emphasis on industrialization and capital accumulation as the means of growth and development, Cardoso and Faletto underscored the extent to which these processes have progressed in the periphery.

They identified two types of dependency existing in the periphery: enclave economies, in which local production is controlled by foreign capital, and economies controlled by the local bourgeoisie.¹⁹⁶ An economy is deemed dependent “when the accumulation and expansion of capital cannot find its essential dynamic component

¹⁹² Chilcote 1984, 41.

¹⁹³ Cardoso and Faletto 1979, xvi.

¹⁹⁴ Chilcote 1984, 41.

¹⁹⁵ Cardoso and Faletto 1979, xvii-xviii.

¹⁹⁶ Cardoso and Faletto 1979, xix.

inside the system.”¹⁹⁷ Indeed, dependency may continue even after developing countries have diversified beyond production of primary commodities if their production of capital goods is inadequate for ensuring their expansion and reproduction. Dependency in this scenario is termed the “new dependency” wherein peripheral industrialization begets production for elite consumption, not for mass consumption as occurs in the advanced countries. Underdevelopment and dependency are directly linked in that the former stems from the latter. “The situation of underdevelopment came about when commercial capitalism and then industrial capitalism expanded and linked to the world market non-industrial economies that went on to occupy different positions in the overall structure of the capitalist system.”¹⁹⁸ Thus, contrary to Frank’s view that capitalism promotes only stagnation in the periphery, Cardoso and Faletto asserted that capitalism can, and often does, promote development therein—albeit a development that is tied to, and dependent on, the development occurring in the center. Herein lies the logic underlying their “associated dependent development” thesis.

Cardoso developed this thesis in later works.¹⁹⁹ Using the Brazilian experience as the model, he declared that associated dependent development tends to occur under authoritarian political regimes embracing, even cultivating, an “increased interdependence in production activities at the international level” and “a modification of the patterns of dependence that condition, or set constraints and limits to, the development of policies of the countries located at the periphery of the international

¹⁹⁷ Cardoso and Faletto 1979, xx.

¹⁹⁸ Cardoso and Faletto 1979, 17.

¹⁹⁹ Cardoso and Faletto’s 1979 work was translated to English from the original 1969 version written in Portuguese. For Cardoso’s elaboration of the associated dependent development thesis see the following articles: “Dependency and Development in Latin America,” *New Left Review* 74 (July-August 1972): 83-95 and Alfred Stepan, “Associated-Dependent Development: Theoretical and Practical Implications,” ed., *Authoritarian Brazil: Origins, Policies, and Future* (New Haven: Yale University Press): 142-176.

capitalist system.”²⁰⁰ This political dynamic complements, and is complemented by, the predominance of industrial-financial capital embodied by the multinational corporation throughout the international economic system, including the periphery. The multinational corporation stimulates productive forces in the periphery, as it does in the center, and increases the generation of surplus value and, by extension, capital accumulation. “Thus, as foreign capital directs itself toward the manufacturing and selling of products to be consumed by the domestic bourgeoisie, it can stimulate development in some segments of the economy of a dependent country.”²⁰¹

“Development under this set of conditions implies, quite obviously a definite articulation with the international market...Development in this situation also depends on technological, financial, organizational, and market connections that only multinational corporations can assure.”²⁰² Dependent capitalism therefore remains underdeveloped because it must respond to the demands of transnational capital and because it cannot independently ensure capital accumulation. “Dependent capitalism must bear all the consequences of absorbing capital-intensive, labor-saving technology...It is crippled because it lacks a fully developed capital goods sector. The accumulation, expansion, and self-realization of local capital require and depend on a dynamic outside itself; it must insert itself into the circuit of international capitalism.”²⁰³ In other words, “[t]he alleged backwardness of these economies is not due to a lack of integration with capitalism but...on the contrary, the most powerful obstacles to their full development come from the way in which they are joined to this international system and its laws of

²⁰⁰ Chilcote 1984, 43.

²⁰¹ Chilcote 1984, 44.

²⁰² Cardoso 1973, 149.

²⁰³ Cardoso 1973, 163.

development.”²⁰⁴ The only solution to the problem of associated dependent development is a complete revolutionary break with international capitalism in favor of socialism, which is highly unlikely as such a transformation would require the political will of domestic elites tied to international capital and vested in maintaining the status quo. Consequently, Cardoso advocated a reformist, evolutionary approach to development emphasizing the national bourgeoisie as the primary agent of development.²⁰⁵

Samir Amin’s conception of dependency and underdevelopment as a manifestation of the confluence of internal and external forces is compatible with the analyses of Cardoso/Faletto and Dos Santos. Amin defined underdevelopment in terms of unevenness of productivity, disarticulation of the economy, and external domination due to dependence.²⁰⁶ External dependence is prevalent in underdeveloped countries where businesses tend to rely on foreign capital and trade. Underdeveloped countries participating in world trade typically export primary commodities and import manufactured goods, an exchange Amin deemed unequal and dependent. Underdevelopment is ensured because local production relies on foreign investment and imported capital goods to thrive. Moreover, because multinational corporations tend to repatriate their profits back to their home countries, capital outflow—another factor contributing to underdevelopment—is usually a byproduct of foreign capital investment.

²⁰⁴ Dos Santos 1970, 235. Dos Santos, like Cardoso, wrote about the “new dependency.” However, his depiction of dependent development was more incendiary than Cardoso’s. He wrote, for example, that “[w]e call this combined development because it is the combination of these inequalities [in the form of unequal trade relations between the center and periphery] and the transfer of resources from the most backward and dependent sectors to the most advanced and dominant ones which explains the inequality, deepens it, and transforms it into a necessary and structural element of the world economy” (Dos Santos 1970, 231).

²⁰⁵ Dos Santos, on the other hand—like most dependistas—advocated a revolutionary break with international capitalism as the recourse most likely to propel genuine, self-reinforcing development in the periphery.

²⁰⁶ Chilcote 1984, 100.

“These conditions necessitate a rapid growth of exports so as to offset the accelerating growth of imports brought about by urbanization and the insufficient local production of food; rapid increases in administrative expenses in proportion to the needs of the local economy; unequal income distribution, resulting in consumption by the privileged strata; and inadequate industrialization, necessitating imports of capital goods.”²⁰⁷ These conditions have a detrimental impact on development. “Whereas at the center, growth is development—that is, it has an integrating effect—in the periphery growth is not development, for its effect is to disarticulate. Strictly speaking, growth in the periphery, based on integration into the world market, is development of underdevelopment.”²⁰⁸

Amin argued, in Marxist fashion, that class relations on a world scale fueled the disarticulation of peripheral economies. “The social contradictions characteristic of capitalism are thus on a world scale, that is, the contradiction is not between the bourgeoisie and the proletariat of each country considered in isolation, but between the world bourgeoisie and the world proletariat. The world bourgeoisie and this world proletariat exist in a context not of the capitalist mode of production but of the system of capitalist formations—which...means the formations at the center and the formations in the periphery.”²⁰⁹ This logic reinforces the theory—developed to varying degrees by Casanova, Mandel, Cardoso/Faletto, and Dos Santos—that peripheral fortunes are tied to the interests of allied foreign and local capital, in whose alliance the domination of external forces is expressed as an internal force, namely a demand for imported luxury goods rather than the production of staple goods (i.e., domestic agricultural products) for

²⁰⁷ Chilcote 1984, 101.

²⁰⁸ Amin 1974, 1:18-19.

²⁰⁹ Amin 1974, 1:24.

mass consumption. According to Amin, the periphery can take one of two paths to capitalism: dependent or autocentric development. He encouraged developing countries to contravene the rules of international trade and investment and create autonomous national economies to nurture development and break the cycle of unequal development. However, like Cardoso, Amin acknowledged that implementing this revolutionary socialist solution would be quite difficult given the entrenchment of the international capitalist economy and the power of local elites vested in maintaining the status quo.

This project utilizes a conceptual framework that merges the analyses of Cardoso and Amin, and, to a lesser extent, Casanova and Mandel. The phenomenon of internal colonialism/imperialism developed by these scholars is particularly persuasive and relevant to the Jamaican experience. As Casanova discussed, Jamaica's colonial structure persists 40 years post-independence. With it, the economic and social norms of colonialism continue to plague the country and thwart its development, illustrating the plantation economy at work. Local elites, for example, collude with external interests to further their own interests despite the deleterious impact such action—capital flight for investment abroad being one example—poses for the country and its masses. To be sure, Jamaica's fortune is tied to united local and foreign capital and is subject to harmful forces occurring from both without and within. By all accounts, Jamaica is integrated into the world economy; it has strong mining and tourism industries and trades actively with a number of developed and developing countries. However, it has not been able to accumulate the kind of capital necessary to fuel investment for industrial development. Cardoso and Amin's analyses provide keen insight into Jamaica's problems and lead one to believe that Jamaica's agricultural industries are stuck in an "enclave economy" rut

where local production is controlled by foreign capital and working in tandem with local elites who facilitate domestic subordination to external control because it benefits them indirectly. This scenario illustrates the collaboration of external and internal forces in Third World economies to create the “new dependency,” which “disarticulates” the local economy and produces only “associated dependent development” or the “development of underdevelopment.”

The application of dependency theory and other theories of development to the Caribbean context is examined in detail below. But first we explore the basic tenets of neoliberalism, the most recent model of development and the model on which much of the Caribbean’s present agricultural, trade, and investment policy is based.

Neoliberalism

Neoliberalism, the contemporary manifestation of neoclassical economics, is the dominant development paradigm of the post-Cold War global economy. The neoliberal revolution began in the United States and Europe during the late 1970s and consolidated in the 1980s with the electoral wins of Ronald Reagan in the U.S. and Margaret Thatcher in Britain and the subsequent entrenchment of Reagan-Thatcherism worldwide. The U.S. and UK have always wielded great influence in the international financial institutions which, in turn, wielded great power over much of the developing world, most of which was actively seeking financing to help their recovery from the oil and debt crises of the late 1970s/early 1980s. The stage was thus set for the conveyance worldwide—via the IFIs, namely the World Bank and IMF, and national development organizations such as USAID—of the doctrine of liberalization embodied in the Washington Consensus.

Twenty-plus years later, neoliberalism is still the dominant model of development informing policy worldwide, and the international structure of power and influence—in the IFIs and between the IFIs and developing countries—remains largely unchanged.

Colin Leys reflected on the policy shift:

What made possible the triumph of neo-liberalism in mainstream development thinking was material, not ideal: the radical transformation in both the structure and the management of the world economy that had begun in the 1960s, and which finally seemed to offer the possibility of creating for the first time in history a truly unified global capitalist economy—and one regulated, if at all, only by institutions reflecting the interests of transnational capital. Neo-liberalism articulated the goals and beliefs of the dominant forces that stood to benefit from this process, and pushed it forward. Social-democratic parties and labour movements tried to resist it, but the ‘new right’ succeeded in neutralizing this resistance and initiating its own market-orientated project in one industrial country after another. The ‘development community’, which was either part of the state apparatuses of these countries or depended critically on them for funding, was bound to come into line.²¹⁰

In a profound critique of dependency theory and, indeed, all social-democratic theories, neoliberalism reverted development theory back to neoclassical economics, entrenching free-market capitalism once again throughout the international economic system.²¹¹ Michael Todaro explained the neoliberal conviction that free market capitalism is the panacea for Third World growth and development:

The [liberal theorists] argue that by permitting competitive free markets to flourish, privatizing state-owned enterprises, promoting free trade and export expansion, welcoming investors from developed countries, and eliminating the plethora of government regulations and price distortions in factor, product and financial markets, both economic efficiency and economic growth will be stimulated... What is needed, therefore, is not a reform of the international economic system or a restructuring of dualistic developing economies or an increase in foreign aid or attempts to control population growth or a more effective central planning system. Rather, it is simply a matter of promoting free markets and laissez-faire economics

²¹⁰ Leys 1996, 19.

²¹¹ Key neoliberal theorists include Milton Friedman, Bela Balassa, Anne Krueger, Deepak K. Lal, P.T. Bauer, Ian Little, and William J. Baumol.

within the context of permissive governments that allow the ‘magic of the marketplace’ and the ‘invisible hand’ of market prices to guide resource allocation and stimulate economic development.²¹²

This conviction dominates trade and development policies worldwide and is brandished throughout the developing world by the advanced countries and the international financial institutions which, to a large degree, shape the world trade and investment regimes in which countries must function in today’s integrated economy. Yet, for all of neoliberalism’s popularity and influence, its proponents carry the taint of hypocrisy. While they proclaim the virtues of classical liberal political economy, they themselves disavow its rules when expedient for their purposes. By breaking the rules of capitalism when they see fit to protect their own interests—typically to the detriment of poorer, less powerful forces—they weaken the appeal of the “free market.” Hence, according to Harvard University professor of international political economy Dani Rodrik, “neoliberalism is to neo-classicism what astrology is to astronomy.” If the market was allowed to function per the invisible hand as Adam Smith characterized it, it could potentially be a positive force for development. However, as Rajan and Zingales explained, “capitalism’s biggest political enemies are the executives in pinstriped suits extolling the virtues of competitive markets with every breath while attempting to extinguish them with every action.”²¹³ These “executives” are ensconced in powerful advanced country government bureaucracies, the international financial institutions, and transnational corporations where they hold sway over the international economic system and perpetuate the inequality of global trade rules, slanted, as they have been for

²¹² Todaro 1994, 85-86.

²¹³ Rajan, Raghuram G. and Luigi Zingales, *Saving Capitalism From the Capitalists: Unleashing the Power of Financial Markets to Create Wealth and Spread Opportunity* (New York: Crown Business, 2003).

centuries, in favor of powerful business elites and their constituencies. The regrettable irony here is neoliberalism's censure of protectionism and market regulation by the world's poor, coexisting almost seamlessly with its disregard of the same by the world's wealthy and powerful. Therefore, it is not surprising that the jury is still out on whether neoliberal development theory benefits all countries equally—i.e., via the logic of trade by comparative advantage—and, more specific to the Caribbean, whether it has facilitated or impeded development in Jamaica and other countries of the region. If neoliberal theory has impeded development in the Caribbean, we must ask why and investigate other model(s) that will likely hasten development in Jamaica and other Caribbean countries.

Application of Development Theory to the Caribbean Context

Economic development theory that informs contemporary Caribbean development policy is grounded in the orthodox neoclassical tradition. However, this was not always so. Bernal et al. identified three schools of Caribbean economic thought that have informed Caribbean development policy since World War II: the Lewis school, the radical school of the new school of political economy, and the Marxist political economy school.²¹⁴ Pantin outlined the periods during which these schools of thought prevailed: post-World War II to 1960 1965; 1960-1965 to 1975-1980; and 1975-1980 to the present.²¹⁵ We are currently witnessing a backlash to the neoliberal thinking that undergirds the third period and laid the foundation for economic liberalization via the

²¹⁴ Bernal et al. 1984, 5-96.

²¹⁵ Pantin 1994, 51.

implementation of World Bank-IMF structural adjustment programs. The recent crisis in Argentina illustrates the reason for the backlash. Argentina, like other Latin American/Caribbean countries, borrowed heavily from the IMF during the 1980s and 1990s and, consequently, had to implement the Bank-Fund's mandated structural adjustment reforms. For years, Argentina implemented the reforms so consistently with the mandate that it was considered an A-plus student of the IMF and a poster child of neoliberalism. However, disaster struck recently when Argentina defaulted on its debt and suffered weeks of social chaos in response to its rapidly declining economic condition. As Joseph Stiglitz²¹⁶ cautioned in the 12 May 2002 issue of the *Washington Post*, whereas the IMF and its supporters hold Argentina responsible for the crisis due to its alleged profligate government and populist practices,

[t]o understand what happened in Argentina, we need to look to the economic reforms that nearly all of Latin America undertook in the '80s. Countries emerging from years of poverty and dictatorship were told that democracy and the markets would bring unprecedented prosperity. And in some countries, such as Mexico, the rich few have benefited. More broadly, though, economic performance has been dismal, with growth little more than half of what it was in the 1950s, '60s and '70s. Disillusionment with "reform"—neoliberal style—has set in. Argentina's experience is being read: This is what happens to the A-plus student of the IMF. The disaster comes not from *not listening* to the IMF, but rather from *listening*.

The Lewis school, which gained prominence in Pantin's first period, elucidated how a developing country lacking adequate professional, skilled and productive labor, industrial capitalists, and physical capital, but possessing a large quantity of unskilled labor, could foster economic growth and development.²¹⁷ Lewis felt developing

²¹⁶ Joseph Stiglitz is a professor of finance and economics at Columbia University who received the Nobel Prize in Economics in 2001. He is a former senior vice president and chief economist at the World Bank.

²¹⁷ Lewis 1954, 131-191. Sir William Arthur Lewis was an economist who wrote the first internationally recognized Caribbean-oriented development strategy for the region. His proposed export-led industrialization strategy, termed industrialization by invitation, was written in response to the Moyne

countries should emphasize their comparative advantage in abundant, low-cost labor to attract foreign capitalists who would invest in industry producing for the domestic market and would reinvest their profits in the local economy enabling it to develop manufacturing capacity for export markets. To attract foreign investment and develop a model of export-led industrialization, Lewis advised developing country governments to restrict imports, but only to give the investors control over the domestic market, supply them with factories and trained labor, and offer incentives such as tax holidays, tax rebates on imported machinery and equipment, and subsidies.²¹⁸

Both the radical new political economy and Marxist schools, which gained ascendancy during Pantin's second period, were highly critical of the Lewis school for what they felt were its perpetuation of the colonial structure of foreign domination and its subjugation of domestic resources to foreign capital and control.²¹⁹ Whereas Lewis saw foreign direct investment (FDI) as a benign means from which to jumpstart Caribbean economic development, proponents of the radical school—which included, among others, Walter Rodney, George Beckford, Norman Girvan, Carl Stone, Michael Witter, Lloyd Best, Owen Jefferson, and Michael Manley—viewed FDI as a pernicious means by which foreign interests could insert themselves into vulnerable economies enabling them to eventually co-opt the societies in which the capital resides, and cause perpetual underdevelopment. Foreign multinational corporations (MNCs), they argued, “embodied all the negative features of the foreign-owned plantation [and] were responsible for the

Commission report—written in 1945 after the labor rebellion that paralyzed the region—which argued that despite the collapse of commodity prices during the Great Depression the region should nonetheless retain its traditional primary specialization in the international division of labor. Lewis served as vice-chancellor of the University of the West Indies during the early 1960s and advised various governments in the formulation of their early development plans. He wrote extensively on Caribbean development.

²¹⁸ Griffith 1994, 105.

²¹⁹ The radical political economy school is similar ideologically to the dependency school.

drainage of capital from the regions. Furthermore, MNCs promoted few interindustry linkages and prevented the local economy from developing an internal dynamic.”²²⁰ In their estimation, countries hoping to achieve the highest levels of growth and development must control their resources and environment by cultivating economic self-reliance and self-sufficiency.

The Marxist school has been less influential in Caribbean economic thought than the Lewis and radical schools. Rooted in Karl Marx’s analysis of capitalist development, the Marxists advocated an alternative, non-capitalist path to development because they believed that underdevelopment stems from dependence on multinational corporations, inadequate inter-industry linkages, unequal exchange, and the extraction of surplus value via the MNCs’ repatriation of profits back to their home countries. The Marxists therefore advised Third World governments to socialize the means of production, limit the amount of foreign investment, and be highly interventionist in the economic process in order to effect growth and development. While quite a few post-independence Caribbean governments toyed with following the Marxist path, only Cuba actually went all the way. The others did not, either because they were not persuaded by the Marxist logic or they were dissuaded, even compelled, by external forces to abandon nascent Marxist tendencies. Yet, despite the lack of acceptance by development theorists, some tenets of Marxist theory are quite persuasive when applied to the Caribbean context. A good example is the neo-Marxist theory of imperialism refined by Paul Baran, explaining why underdevelopment and backwardness persisted in the Third World even after

²²⁰ Griffith 1994, 105.

independence.²²¹ Baran contended that after a country is granted formal independence, imperialist metropolises forge alliances with the local elites to perpetuate colonialism in a new “neo-colonialist” guise.²²² Domestic resources are drained away from the local economy to the metropolis, as had occurred prior to independence, and more is wasted on luxury domestic consumption, which together hinders local capital accumulation and development.²²³ The state is therefore an instrument of the ruling class, an implication first made by Marx and Engels in *The Communist Manifesto*.²²⁴ Baran’s anatomization of the problem of post-colonial underdevelopment and backwardness utilizes cogent class analysis, taking into account social conflict and contradiction in both the domestic and international spheres.²²⁵ This is, as will be discussed in subsequent chapters, an important methodological strategy for dissecting and understanding the problem, which persists to this day 20 years after Baran made his assessment.

Many Caribbean intellectuals and bureaucrats embraced the radical schools during the second period, which lasted from the early to mid ‘60s to the late ‘70s. For most foreign-trained Caribbean economists returning home to the region during this period, and who informed the development policy implemented in the region thereafter, the dominant ideological perspective was still the neoclassical paradigm in which they had been schooled. However, the majority had become persuaded by the Keynesian variant—which they saw in action in Britain during the early post-World War II period

²²¹ Baran, Paul Sweezy, Ernest Mandel, A.G. Frank, and other neo-Marxists were profoundly influenced by Hans Singer, Raúl Prebisch, and Gunnar Myrdal.

²²² Casanova, Mandel, Cardoso, and Amin all developed this “internal colonialism/imperialism” thesis. Of these, Amin’s analysis is most consistent with Baran’s.

²²³ See A.N. Agarwala and S.P. Singh, eds, *The Economics of Underdevelopment* (New Delhi: Oxford University Press, 1975) and *The Political Economy of Growth* (Harmondsworth: Penguin, 1973).

²²⁴ Marx and Engels noted that the executive of the state “is but a committee for managing the affairs of the whole bourgeoisie” (1958, 36).

²²⁵ Carlene Edie (1991) developed Baran’s thesis in application to the Caribbean context.

and in the United States during its New Deal era—which advocated government intervention into the market to moderate the excesses of capitalism and increase savings to enhance output growth. They were also influenced by Raúl Prebisch and Andre Gunder Frank of the dependency school, who encouraged the new post-colonial countries to throw off the yoke of capitalist imperialism—and by correlation, underdevelopment and dependency—and embrace a nationalist path to development. They recommended that developing countries undertake import-substitution-industrialization to nurture autonomous economies and develop self-reliance as the path out of underdevelopment.

Unfortunately, although the region did undertake industrialization shortly after the independence movements of the 1950s and 60s, their model of import substitution industrialization did not include a strategy for developing technological innovation, knowledge-based production, and export diversification—three keys for competing effectively in today’s global economy.²²⁶ Indeed, “restricted competition and the isolation from technological developments served in many cases to create structures that could not come to terms with trends in the world economy. Increased state intervention in the economy was to some extent the failure of industrial policy.”²²⁷ Officials in power simply could not see beyond the region’s comparative advantage in abundant natural resources and unskilled labor; they felt these regional factor endowments, together with captive domestic and regional markets, were sufficient to sustain the region indefinitely.

²²⁶ Consistent with List’s imperative that developing countries cultivate their powers of production as their means of increasing prosperity, Daniel Bell illustrated society’s transition from an industrial society to a post-industrial, “knowledge” society where scientists and research personnel predominate and the economy becomes science-based and shifts from goods production to service provision. See Bell, *The Coming of Post Industrial Society: A Venture in Social Forecasting* (New York: Basic Books, 1973). This transition is currently occurring in the industrialized economies, e.g., the United States, Japan, and those of Western Europe. Unfortunately, much of the developing world is being left behind.

²²⁷ Ramsaran 1992, 3.

They were buoyed in their optimism (or, perhaps, naiveté) by the leverage the Cold War presented. Before the fall of the Soviet Union, developing countries generally, and especially strategically placed countries like those of the Caribbean Basin, played the ideological camps—the Soviet Union and the United States—off each other. As Griffith noted, each camp provided to cooperative countries aid, investment funds, and increased access to their markets in order to further their military and political objectives, and the Caribbean was only too willing to play along provided they received the means for pursuing their development goals. Their geopolitical advantage, however, would come to an end with the fall of the Soviet Union, which ironically coincided with a host of global events that together halted in its tracks the Caribbean’s attempt at ISI-led development and self-reliance and instituted a regime of economic liberalization in the classical laissez-faire tradition, disavowing state interventionism and protectionism in the tradition of ISI. This would precipitate the region’s downward slide into unsustainable debt, exacerbated poverty, and dependent development.

Although current Caribbean development theory and policy are grounded in the neoliberal tradition, it does not fit the Caribbean’s history, context, or economic structure. Neoliberalism is based on, and evolved from, the experience of countries that were not subject to the historical processes—e.g., extended colonialism and prolonged imperialistic extraction of resources by metropolitan powers—to which today’s developing countries were subjected and, consequently, have not suffered protracted underdevelopment. On the contrary, most (if not all) developed countries industrialized via state protectionism and patronage before they liberalized their economic systems. Therefore, comparing contemporary developed and developing country experiences—

which, coincidentally, has been the domain of developed country economists formulating theory to be propagated by the multilateral trade and finance institutions controlled by developed countries—is like relating apples to oranges, and urging developing countries to fully liberalize their economic systems before they industrialize is pernicious at best.

This project examines these and other theoretical shortcomings and argues that the formulation of Jamaican economic policy based strictly on neoliberal assumptions constitutes a misapplication of theory due to Jamaica's unique history, context, and needs. Moreover, the grounding of policy purely in neoliberal theory without caveats to address the country's unique particularities sets up a system that will promote only limited growth and development while increasing unemployment and poverty. Jamaica's current economic path will not likely beget the knowledge-based industrialization and improved human and national economic well-being necessary for instituting genuine self-reinforcing development. It will instead perpetuate Jamaica's underdevelopment and will reinforce Jamaica's harmful dependence on metropolitan countries and the international financial institutions. Obviously, Jamaica and the larger Caribbean should employ a new model of development.

Chapter 3: Agriculture in World Trade

In global terms, the broad result of policy interventions in agriculture has been that too little is produced in developing countries and too much in developed countries. In this situation a particular responsibility rests on the shoulders of policy-makers in developed countries to unwind the major distortions of agricultural trade which have resulted from the pursuit of policies which encourage excessive production.

Nikos Alexandratos, World Agriculture Toward 2000: An FAO Study

Reducing these subsidies and removing agricultural trade barriers is one of the most important things that rich countries can do for millions of people to escape poverty all over the world. It's not an exaggeration to say that rich countries' agricultural policies lead to starvation.

Ian Goldin, vice president for external affairs, World Bank

Our aspirations and demands clash with the lack of understanding, selfishness, colossal interests, and enormous technological, economic, military and political power of the world's rich countries. We have no alternative but to struggle for recognition of our demands. We constitute the vast majority of mankind, and our rights and interests cannot continue to be trampled underfoot forever... We need to struggle without respite for an end to the unequal trade that depresses our export income, shifts the cost of the inflation generated in developed countries onto our economies and ruins our peoples.

Developing world must stand together, edited excerpt from a Zambian Post editorial, Toronto Star, 8 April 2003.

Overview

Neoliberal theory asserts that integration into the world economy promotes economic growth, development, and poverty reduction. Trade in the view of neoliberalism is the vehicle of integration and, by implication, the vehicle of growth. Most, if not all, the major international financial institutions sanction and promulgate this view. The World Bank, for example, states on its website that “in today’s economically integrated world, trade matters more than ever before. There is compelling evidence that openness to trade is associated with increased growth. Indeed, trade and investment have driven much global growth for the last three decades and can be a powerful locomotive for development.” The International Monetary Fund (IMF) elucidates the following cost-benefit analysis of trade liberalization:

On the one hand, the benefits accrue because of lower input costs for producers owing to the reduced tariffs, a wider variety of goods available to consumers at lower prices, and enhanced export prospects as employment and output increase in the exportable goods and service sectors. On the other hand, tariff cuts could lead to a reduction in output and employment in certain sectors that face greater competition from lower-cost foreign products. The net outcome invariably depends on the structure of the economy and the flexibility of wages and prices to allow the full readjustment of relative prices following trade liberalization. In most countries, the beneficial effects are likely to predominate.²²⁸

Not surprisingly, anti-globalization activists argue the converse, that economic integration is creating an increasingly wide gap between the rich and poor—both among and within countries.²²⁹ The International Forum on Globalization, for example, proclaims on its website that “globalization policies have contributed to increased poverty, increased inequality between and within nations.”²³⁰

Trade has increased exponentially since the launch of the General Agreement on Tariffs and Trade (GATT) in 1947. This expansion has been particularly significant since the establishment of the World Trade Organization (WTO) in 1994 at the conclusion of the Uruguay Round of the GATT. According to the IMF, world trade has averaged a growth of 6 percent per year over the past 20 years, prompting rapid growth of the world economy. However, as the IMF and other multilateral trade and financial organizations have indicated, world trade has not achieved the degree of liberalization—that is, full liberalization manifested by free trade—which neoliberal theory advocates as

²²⁸ Janet Stotsky et al. “Trade Liberalization in the Caribbean.” *Finance & Development* 37:2 (June 2000).

²²⁹ For example, see Debi Barker and Jerry Mander, eds., *Does Globalization Help the Poor? A Special Report* (San Francisco: International Forum on Globalization, 2002), with articles by scholar-activists Martin Khor (Third World Network), Vandana Shiva (Foundation for Science, Technology, and Ecology), John Cavanagh (Institute for Policy Studies), and Walden Bello (Focus on the Global South) among others.

²³⁰ See www.ifg.org. The IFG was founded in 1994 after the passage of the North Atlantic Free Trade Agreement (NAFTA) and the conclusion of the Uruguay Round of the GATT. Per the website, the IFG aims to: 1) expose the multiple effects of economic globalization in order to stimulate debate, and 2) seek to reverse the globalization process by encouraging ideas and activities which revitalize local economies and communities, and ensure long term ecological stability.

the ideal state of affairs. “World trade has the potential to act as a powerful motor for the reduction of poverty, as well as for economic growth, but that potential is being lost. The problem is not that international trade is inherently opposed to the needs and interests of the poor, but that the rules that govern it are rigged in favor of the rich.”²³¹ Almost a decade after the WTO was established, many countries still practice protectionism and retain trade barriers. Such protectionism not only contravenes the classical liberal conception of market efficiency, it also thwarts market performance as measured against the yardsticks of effectiveness, equity, food security, sustainability of resource use, and people’s livelihood.²³² The nature and extent of trade restrictions vary from country to country and across sectors. However, the treatment of agriculture in the multilateral trade regime has demonstrated that free trade in farm goods is not an objective that all countries are actively pursuing. According to the United Nations Food and Agriculture Organization (FAO), developing countries generally maintain low and even negative protection of agricultural producers, whereas industrialized countries generally maintain high price and producer-income supports.²³³ Viewed cynically, “free” trade can be construed as an ideal held out by the industrialized countries as an ace in the hole for securing further liberalization from developing countries in areas of interest to the former.²³⁴ After all, “[r]emaining trade barriers in industrial countries are concentrated in

²³¹ Oxfam International 2002, Summary pg. 3.

²³² Tilburg et al. analyze the relationship between market structure and market performance during a liberalization process from both a micro and macro viewpoint. Market performance is measured against the standards noted above. See Tilburg et al., eds., *Agricultural Markets Beyond Liberalization* (Boston: Kluwer Academic Publishers, 2000): 4.

²³³ Alexandratos 1988, 188.

²³⁴ For instance, the industrialized countries are seeking further liberalization on trade in industrial goods and in services under the General Agreement on Trade in Services (GATS). With regards to trade in industrial goods, the US in November 2002 proposed a worldwide elimination of tariffs on manufactured products by 2015. Curiously, however, agro-industrial products were excluded from the proposal. For an analysis of the proposal in light of the US’ recent protectionist decisions on steel and agriculture, see Can

the agricultural products and labor-intensive manufactures in which developing countries have a comparative advantage. Further trade liberalization in these areas particularly, by both industrial and developing countries, would help the poorest escape from extreme poverty while also benefiting the industrial countries themselves.”²³⁵ Statements like these issued by the IMF, one of the “holy trinity” of organizations governing world trade and financial relations, prompts curiosity about the extent to which the gains in international trade and the growth of the world economy have benefited developing countries like Jamaica.²³⁶

Many developing countries are still natural resource economies that specialize according to the liberal logic of comparative advantage in primary commodity production. Some of these countries, Jamaica included, have diversified into other sectors including tourism, mineral extraction, and labor-intensive manufacturing. However, because these sectors are relatively new, highly capital-intensive, and extremely vulnerable to the whims of highly speculative foreign investment and external shocks, they have had a volatile record in many developing countries and, notwithstanding their realized and prospective enhancement of gross domestic product (GDP), are precarious means of earning foreign exchange. Agriculture, on the other hand, has been more reliable because it is not as capital-intensive and its two most important factor endowments—land/environment and labor—are bountiful in the countries themselves. For most developing countries, Jamaica included, agriculture

America kick-start the Doha round, *The Economist*, 29 November 2002. With regards to trade in services, the “Singapore Issues”—investment, competition policy, transparency in government procurement, and trade facilitation—are of primary concern.

²³⁵ *Global Trade Liberalization and the Developing Countries: an IMF Issues Brief* (Washington, D.C.: International Monetary Fund, November 2001).

²³⁶ The other two are the World Bank and World Trade Organization.

remains one of the largest employers of labor and provides a substantial percentage of the country's foreign exchange earnings. Agriculture is, in a nutshell, these countries' bread and butter and agricultural trade their most reliable pathway to development and reduced dependence on external assistance. Yet, although "Jamaica is indeed a green and lush island...the reality is that very few of its independent farmers are able to make even a reasonable living. Recent studies have even suggested that as many as ten percent of rural children suffer from malnutrition."²³⁷ Clearly, something is wrong with this picture.

Noted below is a simplified linear illustration of the neoliberal logic of growth and development via trade for natural resource economies:

agricultural production→agricultural trade→foreign exchange earnings with which to invest in national growth and development→reduced external dependence

The model invokes certain precepts concerning trade liberalization and development. Firstly, because lower tariffs translate into lower food prices and greater variety of foodstuffs due to increased imports, it assumes that liberalization fosters greater food security for importing countries. However, this presumption is valid only if the majority of the population are consumers, not producers—clearly not the case for natural resource economies such as Jamaica. "In reality, in many developing countries, a large percentage of the population are food producers whose livelihoods are threatened by increasing imports. When farmers can no longer contribute to the national economy, then food security and the entire economy will suffer."²³⁸ Secondly, it assumes that increased imports promote competition and efficiency. However, if the amount of imports in poor countries overwhelms domestic farmers not privy to generous government-funded safety

²³⁷ Harrison 2001, 10.

²³⁸ Phillips 2001, 12.

nets, impoverishment, not innovation, is the likely result. “Competition alone is inadequate. Fair prices and appropriate technology transfer are also essential for the short and long term food security of developing countries. In short, domestic producers must be given sufficient latitude to develop a strong economic base without isolating themselves from the international market.”²³⁹ Thirdly, the model implies certain assumptions negating the influence of constraints on development, both internal and external. It assumes that the countries will: maximize their natural factor endowments in production; have access to and/or be able to purchase the requisite technical inputs; be able to sell their products freely in rich country markets; and will efficiently utilize and/or invest their foreign exchange earnings into national development towards the achievement of reduced external dependency.

This research assesses the extent to which these internal and external constraints have impeded Jamaica’s development. Developing countries must avoid or overcome various constraints to propel national development. Among the agriculture-related constraints impeding Jamaica’s development are: 1) internal—land tenure irregularities; neglect of the agriculture sector by national policymakers due to rent-seeking and clientelism; inadequate technical capacity for enhancing production; weak regional cooperation and collaboration; and 2) external—restricted access to developed country markets; massive foreign debt; structural adjustment conditionalities mandating too-rapid liberalization of trade and financial markets; membership in preferential trade agreements (PTAs) encouraging specialization on a few primary commodities; subsidized

²³⁹ Ibid.

agricultural production and export; and food dumping by developed countries.²⁴⁰ All have played a role in facilitating underdevelopment and dependency in Jamaica. However, two constraints—restricted access to advanced country markets and rich country agricultural subsidization—stand out as longstanding, intractable, and the “magic bullet” for change. If, after 50+ years under a multilateral trading regime, rich countries—where poor countries must sell their exports in order to grow and develop—still subsidize their agriculture sectors, a leading cause of food dumping in poor countries, and impose barriers to developing country exports, agricultural goods key among these, developing countries will remain underdeveloped and dependent on these very countries.

To be sure, if developing countries such as Jamaica cannot grow and develop by trading according to the logic of comparative advantage in that which they do best, either the (liberal/neoliberal) theory on which the international trading regime is based is flawed, or the regime, ostensibly grounded in said theory, has in fact undermined the theory and is based on subterfuge, privileging one group of actors—the rich and powerful—to the detriment of another, less powerful, group. This subterfuge, if that is what it is,²⁴¹ will guarantee the continued underdevelopment and dependency of developing countries like Jamaica unless they open their eyes to the situation and muster the political will, both internal and external, to change the status quo for the benefit of

²⁴⁰ Key PTAs for Jamaica are the Generalized System of Preferences (GSP), the US’ Caribbean Basin Initiative (CBI), the EU’s Lomé-Cotonou Agreement, and Canada’s CARIBCAN. See Chapter 4 for a detailed discussion of the implications of these agreements for Jamaica’s development.

²⁴¹ The caveat is presented to acknowledge David Ricardo’s qualification of the theory of comparative advantage on capital immobility which, given today’s mobility of capital, is moot in the international political economy. Therefore, purporting that today’s world trading regime is grounded in Ricardo’s logic of comparative advantage—an argument commonly asserted by many neoliberal defenders of the regime—is subterfuge indeed. This subterfuge obscures the inequities that underlie the regime and, since trade is such a crucial component of the global economy, the international economic system.

their masses who do not belong to the rich and powerful group.²⁴² Advanced country protectionism in agricultural trade must be obliterated as a key step towards leveling the playing field for, and invigorating development in, the poorer countries of the world trading regime. Liberalizing access to developed country markets for developing country exports will give them the incentive to remedy internal macroeconomic and microeconomic obstacles to agricultural productivity in order to boost trade capacity and competitiveness and will over time equip them to more effectively counteract the other constraints to development. Petit and Subramanian acknowledged this link between external constraints and supply response in developing countries and, ten years later, their words still ring true:

Even with the desired supply response, agricultural trade is influenced by forces beyond the control of governments in developing countries. The movement of international prices of commodities may turn out to be detrimental to the pace of policy reform...For many commodities, international prices depend on the trade policies pursued by developed countries, and these are intimately related to their domestic agricultural policies. Current difficulties faced by GATT negotiators reflect this situation. The resulting uncertainties have considerably slowed down the pace of reform within developing countries, thereby affecting agricultural producers in these countries who could otherwise have gained by capitalizing on the comparative advantage they possess.²⁴³

²⁴² By all accounts, developing countries are becoming more active and vocal at the WTO, lobbying to ensure that the negotiations address their special needs and concerns vis-à-vis their industrialized counterparts. For example, with regards to the Doha Round's services negotiations, Bridges Weekly Trade News Digest reported that "[e]ven if the services negotiations have been held back by the lack of will in other areas, the number, the type of focus and main aspects of developing country requests shows a raise of interest and an important level of sophistication and engagement by developing countries in current negotiations" (7:9, 13 March 2003).

²⁴³ Petit and Subramanian 1993, 64.

Why Agriculture

In the words of James P. Houk, agriculture occupies a special niche in the trade policy arena. Agriculture has always been a sensitive topic in world trade negotiations. In fact, although discussed during successive rounds of the GATT, agriculture did not come under the purview of the multilateral trade framework until relatively recently, during the Uruguay Round which established the WTO.²⁴⁴ Since then, agriculture has been a significant polemic between developing and developed countries and between certain developed country blocs, namely the US and EU. Many trade experts agree that agriculture—not services, investment, or even intellectual property—is the bedrock of the multilateral trade regime and the crux on which all progress rests. The FAO forecasts that full-scale liberalization in agricultural trade would raise incomes and decrease poverty in poor countries—particularly those in Latin America and the Caribbean—which would enhance development and reduce external dependency:

Preliminary results, based on the application of a general equilibrium model, point, in general, to some positive overall effects for developing countries' economies following liberalization of industrialized countries' agricultural policies. Developing countries' real incomes are estimated to increase, although there are important differences in the magnitude of this increase between the various developing country economic groups and geographical regions. As in the case of trade-oriented liberalization studies, the Latin American and Caribbean region would be the major beneficiary region. All developing country regions, however, are estimated to improve their terms of trade, as a result of an estimated decrease in the real prices of manufactured and equipment goods exported by OECD countries following liberalization in their agricultural sectors. Moreover, all developing country regions are estimated to benefit in terms of improvements in rural incomes, thus contributing to a more equitable distribution of incomes between the urban and rural population.²⁴⁵

²⁴⁴ See the WTO Backgrounder in Appendix C for a detailed description of the WTO's form and function.

²⁴⁵ Alexandratos 1988, 196.

Liberalization would increase world prices, decrease world price volatility, and increase the volume of world trade. Most importantly for developing countries such as Jamaica, the knowledge that their exports will command higher prices on international markets would stimulate and innovate domestic production, reduce their consumption, and facilitate import substitution for both domestic consumption and export.²⁴⁶ Development would increase and dependency would decrease proportionally. Liberalization would therefore unleash the gains from trade now constrained by developed country protectionism in violation of the Adam Smith's principle of laissez-faire and David Ricardo's trade by comparative advantage. Yet, despite the anticipated advantages for developing countries, agricultural reform is stymied by multilateral discord, which has slowed WTO momentum and threatens to derail the current Doha Round—a prospect that the world trading regime can ill afford after the Seattle Ministerial debacle in 1999. Put simply, developing countries have gotten fed up with developed country agricultural protectionism and they are refusing to accede to any WTO negotiation that does not prioritize agricultural reform reducing developed country trade barriers against developing country farm exports. As indicated in *The Economist*,

[a]lmost no progress has been made since [the Doha Round] began, for one big reason. Although the Doha agenda is broad, embracing industrial tariffs, services, anti-dumping rules and so on, one issue lies at its heart: agriculture. Developing countries feel that they were short-changed in the previous Uruguay round, and are determined not to let it happen again. Their priority is farm-trade liberalisation. But rich countries are not ready to cut subsidies to farmers.

America is at best hypocritical over this: the monstrous farm bill signed by George Bush last May raised subsidies to farmers by 80%. But the Americans have since proposed to cut all farm subsidies to no more than

²⁴⁶ Alexandratos 1988, 193.

5% of the value of production, and to abolish all export subsidies.²⁴⁷ Japan has, as usual, been wholly unhelpful: unbelievably, it has proposed in the Doha talks to reduce its already tiny quota on imported rice. But the real villain of the piece is the European Union, which has failed to produce any serious proposals to reform its disgraceful common agricultural policy (CAP).²⁴⁸

As an illustration of agriculture's sensitivity in WTO negotiations, the WTO failed to meet the 31 March 2003 deadline for establishing a negotiating framework for agriculture for the Doha Round. Director-General Supachai Panitchpakdi expressed his disappointment over the setback: "The failure to meet the deadline for agreeing to agriculture negotiating modalities is a great disappointment for us all. Negotiators must redouble their efforts in agriculture and all other areas of negotiation between now and the September [2003] Ministerial Conference in Cancun, Mexico."²⁴⁹ The inability of WTO members' to agree on a modalities framework came as no surprise to trade experts, not least Stuart Harbinson, the then chair of the WTO Committee on Agriculture who wrote the draft modalities documents that were overwhelmingly panned by WTO members. The draft modalities met with opposition from WTO members on all sides of the debate: the EU and Japan criticized them for being overly ambitious on reduction targets; the US and the Cairns Group²⁵⁰ denounced them for not being ambitious enough; and the developing countries lamented their inadequate attention to special and

²⁴⁷ The US has proposed the global elimination of all agricultural export subsidies and a limit on domestic farm subsidies of 5 percent of total domestic production. See Doubts about Doha, *The Economist*, 13 November 2002. Curiously, the proposal was made shortly after the passage of the highly trade restrictive 2002 farm bill.

²⁴⁸ "Deadlocked in Doha," *The Economist*, 27 March 2003.

²⁴⁹ WTO press release, *Farm talks miss deadline; but 'work must go on', says Supachai*, 31 March 2003.

²⁵⁰ The Cairns Group is comprised of 17 agricultural exporting countries. Current members are Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, Philippines, South Africa, Thailand, and Uruguay. Fourteen members are developing countries. Australia and New Zealand are the OECD's least protectionist member countries. Formed in 1986, the Cairns Group exemplifies successful coalition building and lobbying in trade negotiations. For more information, see <http://www.cairnsgroup.org/index.html>.

differential treatment.²⁵¹ Up to and including the Cancun Ministerial, WTO members remained far apart on what they deemed appropriate negotiating modalities. In fact, discord over agriculture was a primary cause of the disintegration of the Cancun Ministerial.²⁵² According to a WTO spokesman, the modalities negotiations highlighted the divergent views of WTO members and emphasized agriculture as an area of particular concern; failure to reach agreement on negotiating modalities could endanger the new trade round. EU agriculture commissioner Franz Fischler, recognizing early in the new Round that the March deadline was idealistic, forecasted at the start of 2003 that agreement would not be reached prior to the fifth WTO ministerial to be held in September 2003 in Cancun, Mexico.²⁵³ His prediction rang true. In March 2004, six months after the failed Cancun Ministerial, WTO members still have not reached agreement on agriculture negotiating modalities, and the outlook for concluding the Doha Round by January 2005 as scheduled is bleak. While on a visit to Washington, D.C. in February 2004, European Community trade commissioner Pascal Lamy commented on the stalemate in the WTO: “without progress in agriculture, there won’t be any progress.”²⁵⁴

²⁵¹ Developing countries are given special and differential treatment under the Enabling Clause of the GATT. The Enabling Clause created a permanent legal basis for the operation of the General System of Preferences (GSP). In effect, it gave developing countries “flexibility” in applying trade rules to meet their “essential” development needs.

²⁵² The Ministerial fell apart when the G-20, a group of developing countries formed to protest the WTO’s failure to act in the interest of developing countries, with particular regard to developed country agricultural protectionism, engendered the walkout from the negotiation of many developing countries.

²⁵³ See Bridges Weekly Trade News Digest, Vol. 7, no. 3, 29 January 2003.

²⁵⁴ See Bridges Weekly Trade News Digest, vol. 8, no. 7, 26 February 2004. Timothy Groser, the new chair of the WTO Committee on Agriculture, has scheduled the first post-Cancun agriculture negotiation session for 22-26 March 2004.

How Protectionism Distorts Trade in Agricultural Goods

According to the FAO, “[t]he global agricultural trade environment has seriously deteriorated in recent years. The main symptoms are that agricultural commodity prices on world markets became depressed as never before, surplus stocks reached record levels, costs of agricultural support programmes rocketed, agricultural export revenues of many countries declined, and encounters in agricultural trade policy, in particular over export subsidies, have intensified.”²⁵⁵ Agriculture’s intractability stems in large part from its importance to national food security. In addition, farm lobbies in advanced countries tend to be very powerful and this power allows them to wield great influence in national policymaking to secure the protectionist policies on which their livelihood depends. “In most developed nations, both farm and rural populations have dwindled to less than 15 percent of the total as people are drawn into other more rapidly growing fields of employment. Yet the political influence of rural producers and their representatives usually has remained strong enough to prevent a rapid erosion of protective programs begun when the number of producers was larger.”²⁵⁶ In a truly free trade system, these farmers would not survive without generous governmental support. Realizing this, developed country farmers are not hesitant to use their power at the ballot box and their sway over public opinion to pressure their representatives into making policy that keeps them in business despite the economic inefficiencies that underlie such policy and distort international trade.²⁵⁷ Agricultural protectionism in whatever guise causes tremendous

²⁵⁵ Alexandratos 1988, 201.

²⁵⁶ Houk 1986, 25.

²⁵⁷ For instance, given George W. Bush’s (pre-presidency) reputation as a free-trader, one must assume that he had a special reason for signing off on the highly protectionist 2002 farm bill. Experts agree that he wanted to win the farm belt’s support for trade promotion authority (TPA), the authorization granted the president by Congress to negotiate international trade agreements. Viewed optimistically, his compromise

dislocation in the economy, both domestic and international. Timothy Josling explained the economic illogic of maintaining high agricultural tariffs relative to tariffs on goods in other sectors of the economy:

By raising domestic prices above the cost of imports, the government gives farmers the wrong incentive to produce and reduces the contribution that the sector makes to the national economy. The cost of inputs into the production process can easily exceed the value of output. Under these circumstances, the contribution to the output of the economy is negative...Support for one sector puts a burden on others...Governments that give direct payments from the government treasury to agriculture, instead of (or in addition to) the protection offered by tariffs, must raise taxes and curtail other desired spending or run large budget deficits. Even rich countries where agriculture is a small part of the economy can find such side effects a drag on the economy.²⁵⁸

High tariffs, particularly tariff peaks and tariff escalation, distort trade by impeding the flow of goods into a country.²⁵⁹ “Tariff ‘peaks’ within product groups, often exceeding 50 percent or, in agriculture, 100 percent, are concentrated in labor-intensive products of significant export interest to developing countries, and particularly Least Developed Countries (LDCs).”²⁶⁰ Coincidentally, the developing country exports most at risk for tariff peaks are products that compete with developed country farm goods—namely dairy, sugar, fruits, and cereals. Tariff peaks restrict market access and tariff escalation, by penalizing the creation of value-added to primary commodities, “...hampers the diversification of exports, limits the accumulation of skills and capital, and thus helps perpetuate dependence on a small number of unprocessed goods whose

can be interpreted as a concession made in the short-term to achieve full trade liberalization in the longer-term. Needless to say, most developing countries do not take this optimistic view; they take the pessimistic view that the US, like the EU, has a vested interest in shielding its farmers from competition posed by lower-priced developing country farm imports.

²⁵⁸ Josling 1998, 8.

²⁵⁹ Tariff peaks are tariffs of 15 percent or higher. Tariff escalation occurs when tariffs on processed goods exceed tariffs on primary goods.

²⁶⁰ The United Nations classifies the world’s (49) poorest countries as LDCs. Jamaica is not one of these countries.

world demand grows little and whose prices are volatile.”²⁶¹ Other mechanisms of agricultural restriction are subsidies and quotas. Of these, subsidies are particularly destructive. By linking payouts to production, subsidizing governments encourage overproduction and, ultimately, the flooding of world markets with surplus capacity.²⁶² Artificially-induced price deflation is the eventual, and unfortunate, result. Consumers benefit from low prices, but such price depression harms countries reliant on commodity exports for their foreign exchange earnings. Moreover, more intrinsic to the logic of free trade, subsidization to facilitate production contravenes the logic of both comparative and competitive advantage. Surely, it is nonsensical (and pernicious) when the countries that have comparative AND competitive advantages in agricultural production are effectively incapacitated by rich country subsidization in their export of farm goods and their ability to earn a fair price for their labor.

Yet, despite the evidence of economic irrationality and inequity, many developed countries maintain entrenched systems of agricultural protection to boost the production and export of their farm goods to the detriment of developing country production and exports. In this way, “[t]rade is reinforcing global poverty and inequality because the international trading system is managed to produce these outcomes. The rules of the game reflect the power of vested interests.”²⁶³ As illustrated in a *New York Times* op-ed, subsidized rich country surplus farm goods decimate developing country agricultural

²⁶¹ *Improving Market Access: Toward Greater Coherence Between Aid and Trade* (Washington, D.C.: International Monetary Fund, March 2002).

²⁶² To reduce the problem of overproduction linked to subsidization, governments have been encouraged to decouple support—that is, delink the payment of subsidies from production. Franz Fischler, EU agriculture commissioner, has proposed linking EU agricultural subsidies to environmental and animal-welfare standards rather than supply, but the proposal encountered much resistance within the EU.

²⁶³ Oxfam International, 2002, Summary pg. 5.

sectors and unfairly privilege developed country farmers, who often are not the world's most efficient agricultural producers:

When Mexican [Jamaican, Bangladeshi, or any developing country national] corn farmers tramp through their fields behind donkey-drawn plows, they have one goal: to eke out a living. Increasingly, however, they find themselves saddled with mountains of unsold produce because farmers in Kansas and Nebraska sell their own corn in Mexico at prices well below those of the Mexicans. This is not primarily due to higher efficiency. The Americans' real advantage comes from huge taxpayer-provided subsidies that allow them to sell overseas at 20 percent below the actual cost of production. In other words, we subsidize our farmers so heavily that they can undersell poor competitors abroad. And just to make sure, we have tariff barriers in place that make it extremely hard for many third world farmers to sell in the United States. The same is true for their efforts to sell in Europe and Japan. The world's farming system is rigged in favor of the rich.²⁶⁴

Most poor countries cannot compete, not only because they lack the financial resources to subsidize at similar levels but also because they are precluded from subsidization by the Uruguay Round Agreement on Agriculture (AoA);²⁶⁵ only those countries that subsidized farm goods prior to the Uruguay Round were allowed to continue subsidizing afterwards, albeit at lower rates. Hence, many developing countries have neglected their own agricultural sectors, choosing instead to depend on developed country agricultural aid and imports for domestic consumption.

Many economists deride subsidization and other forms of government largesse as not only profligate, but also counterproductive in the grander scheme of trade liberalization. "Washington's payouts to politically powerful farmers and big

²⁶⁴ The Hypocrisy of Farm Subsidies, *New York Times* (1 December 2002).

²⁶⁵ Many developing countries claimed zero level of support when GATT members were negotiating the terms of the AoA during the Uruguay Round because they had lacked the resources to subsidize their agricultural sectors in the base year (1986-88) adopted by the AoA. Consequently, they cannot introduce new forms of amber box support under the AoA. This inequity is just one of the numerous developed country biases that are intrinsic to the AoA and, indeed, the WTO. The different categories (i.e., colors) of support permissible under the AoA are discussed later in this chapter.

agribusiness threaten to derail the Administration's ambitious plans to extend NAFTA throughout the Western Hemisphere and to craft bilateral free trade deals around the globe. That should come as no surprise. After all, creating a free-trade zone of the Americas depends on convincing fragile, agriculture-dependent economies such as Brazil, Argentina, and Uruguay [not to mention the even more fragile agriculture-dependent small island economies of the Caribbean] that they won't be overwhelmed by U.S. farm exports artificially priced low.”²⁶⁶ The US is by no means the only advanced country that subsidizes its agricultural sector excessively and, from the point of view of developing countries, unfairly. According to the Organization for Economic Cooperation & Development (OECD), rich countries subsidize their farm sectors to the tune of \$311 billion a year, twice the income developing countries earn from farm exports. By comparison, US farmers receive 20 percent of their income from subsidies, EU farmers 31 percent, and Japanese farmers 59 percent. And, according to the IMF:

Industrial countries maintain high protection in agriculture through an array of very high tariffs, including tariff peaks (tariffs above 15 percent), tariff escalation (tariffs that increase with the level of processing), and restrictive tariff quotas (limits on the amount that can be imported at a lower tariff rate). Average tariff protection in agriculture is about nine times higher than in manufacturing. In addition, agricultural subsidies in industrial countries, which are equivalent to 2/3 of Africa's total GDP, undermine developing countries' agricultural sectors and exports by depressing world prices and pre-empting markets. For example, the European Commission is spending 2.7 billion euro per year making sugar profitable for European farmers at the same time it is shutting out low-cost imports of tropical sugar.²⁶⁷

²⁶⁶ Paul Magnusson, Commentary: “Farm Subsidies: A Blight on the Economy,” *BusinessWeek* (9 September 2002).

²⁶⁷ *Global Trade Liberalization and the Developing Countries: an IMF Issues Brief* (Washington, D.C.: International Monetary Fund, November 2001).

It goes without saying that subsidization to this degree marginalizes farmers in countries like Jamaica that are dependent on agriculture as a primary source of income.

In the words of Martin Khor, a developing country (Malaysian) economist and trade activist affiliated with the Third World Network, “the whole system is unbelievably irrational and unjust.” Clearly, legislators beholden to their agricultural constituencies pass laws that are favorable to domestic farming and, in multilateral negotiating fora, fight to entrench these preferences in the world trading regime. Farmers in developing countries, on the other hand, tend to be very fragmented and weak. They wield little to no influence on national policymakers and, as a result, their interests are usually rendered secondary to other, more powerful constituencies. Their voice is even more enfeebled by their countries’ inability to persuade advanced countries to eradicate their barriers to agricultural products of export interest to developing countries. With little hope of selling their farm goods to rich countries in order to boost their GDPs, many developing country governments have either marginalized or abandoned agriculture altogether. This, in large part, explains why agriculture has deteriorated so drastically in Jamaica and other developing countries, both in contribution to gross domestic product (GDP) and national food security. Throughout the 50+ year tenure of the GATT, protectionism on the part of advanced country agricultural interests, and the powerlessness of developed countries to alter the status quo substantially in their favor, have made agriculture almost sacrosanct in multilateral trade negotiations. The battle at the WTO has yielded clear-cut winners and losers. Advanced country agricultural interests have grown more powerful and

prosperous while developing country farmers have been largely marginalized and squeezed out of the world trade regime.²⁶⁸

This is not to say that some developing countries are not protectionist. Indeed, like their developed counterparts, many impose barriers to foreign trade. According to the IMF, “[many developing countries themselves have high tariffs. On average, their tariffs on the industrial products they import are three to four times as high as those of industrial countries, and they exhibit the same characteristics of tariff peaks and escalation. Tariffs on agriculture are even higher (18 percent) than those on industrial products.”²⁶⁹ However, it seems counterintuitive to argue that restricted market access for developed country farm goods harms developing country agriculture and development, especially when developed countries—the EU, US and Japan chiefly—argue the reverse logic as their rationale for protecting their farmers. Not coincidentally, this reverse logic allows them to nurture vibrant agricultural sectors via the use of trade restrictions. Moreover, it is markedly unclear to which developing countries the IMF is referring. Logic and evidence from its own structural adjustment programs (SAPs) implemented in many developing countries throughout Latin America/the Caribbean and Africa dictate that the likely suspects surely cannot be countries from these regions. These countries, as part of the conditionalities mandated by their SAPs, liberalized their trade and financial regimes so comprehensively that the IMF itself has acknowledged the deleterious impact such across-the-board liberalization has had on these countries. To

²⁶⁸ The world’s farmers do not constitute a homogeneous group. As discussed, farmers hail from either advanced or developing countries. Another significant distinction is the large “corporate” farmer versus the smallholder. The smallholder, the class to which the majority of developing country farmers belong, is increasingly marginalized in the world trade regime. Even in OECD countries, farm trade policies are heavily biased against small farmers (Messerlin 2003).

²⁶⁹ *Global Trade Liberalization and the Developing Countries: an IMF Issues Brief* (Washington, D.C.: International Monetary Fund, November 2001).

quote a recent IMF report documenting the effects of financial integration on developing countries, “[a]n objective reading of the vast research effort to date suggests that there is no strong, robust and uniform support for the argument that financial globalization [aka global integration via liberalization] *per se* delivers a higher rate of economic growth.”²⁷⁰

The IMF’s retraction of its endorsement of foreign investment as a panacea for developing country growth is shocking but not surprising to people who live in the countries that effected such liberalization prior to achieving a modicum of broad-based development—social, economic, and institutional—following the example set by the developed countries and, more recently, India, China, and the newly-industrialized countries (NICs) of East Asia.

Despite its factor endowment and suitability for agricultural production and trade, Jamaica imports a significant amount of food for domestic consumption. According to Jamaica TradePoint, a gateway for facilitating external trade with Jamaican companies, Jamaica’s expenditures (in \$US million) on imported food increased steadily during the 1990s: 244.2 in 1994, 343.5 in 1995, 366.9 in 1996, 445.0 in 1997, 466.5 in 1998, and 453.5 in 1999. In contrast, its annual earnings (in \$US million) from food exports were erratic and generally quite low: 209.5 in 1994, 261.1 in 1995, 278.1 in 1996, 267.9 in 1997, 236.0 in 1998, and 234.6 in 1999.²⁷¹ In every year cited, Jamaica—a lush tropical country with ample natural and human resources for producing enough food to feed its populace—spent more on imported food than it earned from agricultural exports. Because the country is a net-food importer, it is absurd to suggest that the country is underdeveloped because it restricts agricultural trade. If anything, certainly given the

²⁷⁰ Eswar Prasad et al., *Effects of Financial Globalization on Developing Countries: Some Empirical Evidence* (Washington, D.C.: International Monetary Fund, March 2003).

²⁷¹ See Jamaica TradePoint’s statistics at <http://www.jamaicatradeportal.com/BizInfo/import.asp>.

developed country example, the reverse logic seems more plausible. In a statement to the third session of the WTO Ministerial Conference in Seattle, minister of Foreign Affairs and Foreign Trade Seymour Mullings described Jamaica's experience with trade liberalization:

Jamaica, a heavily trade-dependent country, in which imports and exports of goods and services account for over 100 per cent of gross domestic product, has seen increases in total trade. These increases however, have been primarily the results of an expansion in the level of imports which more than doubled between 1988 and 1998. Exports grew by only 49 per cent. Imports during the 1990s have expanded by 66 per cent, while exports grew by only 42 percent. Imports into Jamaica are now twice the level of exports with the fastest growing component being consumer goods which have more than doubled between 1994 and 1998. Since 1990, Jamaica has continually registered a trade deficit which has grown by 25 per cent between 1995 and 1997.²⁷²

Mr. Mullings illustrated the disproportionate impact that trade liberalization—initially under World Bank/IMF structural adjustment programs and eventually under the WTO—has had on small economies, which tend to have a very high trade to GDP ratio, the result of their historical dependence on export-led development.²⁷³ In another WTO statement, this one submitted to the fourth special session of the WTO Committee on Agriculture meeting in November 2000, Jamaica referred to the “acute vulnerability of the agricultural sector as a result of trade liberalization measures undertaken autonomously under structural adjustment programmes. This has already had severe repercussions on

²⁷² World Trade Organization, WT/MIN(99)/ST/90, December 2, 1999, (99-5314).

²⁷³ The model of export-led development practiced by small island states like Jamaica emphasizes export of primary commodities in return for import of manufacturers. This model, established very early in Jamaica's history as the basis of plantation agriculture, reinforces the historical pattern of developing country dependence on advanced country financial resources, technical expertise, and export of manufactured goods—the latter supported in developed countries by adding value to the very primary commodities they imported from developing countries for a pittance. In today's world trading regime, developing countries are penalized with tariff escalation for creating value-added derivatives of primary commodities. In so doing, developing country industrialization is forestalled, even discouraged.

the farming agricultural sector. Further liberalization aggravates the domestic situation.”²⁷⁴

To recap, various issues have complicated the agriculture debate and increased its sensitivity in trade negotiations. High tariff barriers and entrenched non-tariff barriers such as subsidies and quotas are paramount but are not the only problems. In a recently published volume on agricultural trade policy, Kennedy and Woo noted that “[s]everal persistent trade issues must be addressed. Among these, agricultural protection levels are high relative to those of other goods, while certain nontariff barriers remain. In addition, export subsidies, credits, and limited market access continue to distort world agricultural markets. Domestic support disciplines have little effect in most countries, and some commodities remain largely outside the reform process.”²⁷⁵ The controversy surrounding genetically modified food, labeling, environmental stewardship, and sanitary and phytosanitary measures has also bedeviled agricultural trade negotiations.²⁷⁶ Other trade-impactive issues include: the relationship between regional trade agreements (RTAs) and the WTO; the role of state trading enterprises (STEs) in agricultural trade; the booming agricultural biotechnology industry; and the interface between trade and the environment.²⁷⁷ The disparate, and often polemical, positions of developed and developing WTO members also merit special attention. Developing countries are

²⁷⁴ World Trade Organization, G/AG/NG/W/86, 6 December 2000, (00-5277).

²⁷⁵ Kennedy and Woo 2002, 2.

²⁷⁶ Of these, only the sanitary and phytosanitary issue is regulated under the WTO regime, via the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS). These issues are alternately lauded and derided by interest groups across the globe. With the exception of genetically modified foods, such regulations on trade in agricultural goods are generally opposed by developing countries due to the countries’ lack of resources for monitoring and implementation. Moreover, there is a presumption in developing countries that such regulations—particularly requirements for environmental stewardship and minimum sanitary and phytosanitary standards—are really intended as de facto non-tariff barriers to trade.

²⁷⁷ Kennedy and Woo 2002, 2.

increasingly exercising their voice in WTO negotiations. This primarily post-Uruguay phenomenon has altered the scope and tone of WTO negotiations and has forced developed countries to reckon with the concerns and interests of their less affluent counterparts. China, with its hybrid developing/developed and authoritarian/liberal economic tendencies, is proving to be another force to be reckoned with. To be sure, “[d]iverse country and regional perspectives will influence and complicate the ability to negotiate future trade liberalization. Of particular importance are the positions of the United States, the European Union, the Cairns Group, China, and the developing countries.”²⁷⁸

A brief characterization of the various trade-constricting issues is presented below. RTAs have become significant players in the global economy.²⁷⁹ These arrangements offer preferential trade privileges to members and restrict trade with countries external to the arrangement. Therefore, the incentive to join such arrangements is quite high, and most countries belong to at least one RTA. However, critics assert that RTAs are incompatible with, and stymie the multilateral trade regime, which advocates the eradication of trade restrictions *en toto*. State trading is another important force in the global economy. STEs are quasi-governmental entities that influence the level and direction of imports and exports, typically of agricultural commodities.²⁸⁰ As such, state trading distorts commodity markets and restricts trade. Although there has been a public

²⁷⁸ Kennedy and Woo 2002, 3.

²⁷⁹ RTAs that will influence the Uruguay Round of trade negotiations include the European Union (EU), the North American Free Trade Agreement (NAFTA), Asia-Pacific Economic Cooperation Region (APEC), Southern Cone Common Market (Mercosur), Association of Southeast Asian Nations (ASEAN), and the Free Trade Area of the Americas (FTAA). The FTAA, although not yet actualized, has political force in that potential member countries will include their FTAA interests in their negotiations at the level of the WTO, and vice versa.

²⁸⁰ Kennedy and Woo 2002, 2.

outrage against these agencies, they are very much a reality in most advanced country economies. Ironically, however, they are no longer viable in many developing countries, where they have been deregulated and privatized as a condition of the governments' structural adjustment agreements with the IMF and World Bank. STEs must be reformed during the Doha Round of trade negotiations to facilitate truly free, and fair, trade. At the very least, "STEs should be transparent in terms of their operation and marketing practices; STEs should be subsidy-neutral, implying that STEs should not circumvent domestic and export subsidies; and finally, STEs should be restricted in exercising market power, including the use of price discrimination and price distortions."²⁸¹

Biotechnology—specifically the production of genetically modified organisms (GMOs)—has prompted much strife over concerns as diverse as food safety; labeling/the consumer's right to know what she is consuming; the preservation of traditional production techniques and practices; biopiracy; the oligopolistic consolidation of agricultural production, distribution, and export; and the hegemonic control by agribusiness of global agricultural production. The complex nature of the biotechnology issue has propelled it to the forefront of the agricultural trade debate. All parties have a stake but certain positions have taken center stage. The US is an ardent supporter of biotechnology—not surprising since it has the most acreage planted in GMOs and is home to the major transnational agribusiness corporations. Both the EU and Japan are ardent critics of biotechnology. EU governments and consumers in particular are vehemently opposed to GMOs, so much so that the EU is leading a charge at the WTO to institute product labeling, much to the US's consternation. Many developing country policymakers are also distrustful of biotechnology, but for reasons different from Japan

²⁸¹ Kennedy and Woo 2002, 3.

and the EU's. While some developing country advocates decry the outcry against GMOs—claiming that the insect resistant and herbicide tolerant seeds and plants produced by biotechnology will increase the global food supply and therefore eradicate world hunger—many others are reserved about destroying traditional production techniques that have fed the populace for millennia and cultivated dependence on seeds and other inputs that must be imported, typically at prices beyond the reach of small farmers who form the backbone of developing country rural economies and farm sectors. Moreover, developing countries possess much of the genetic material that is being patented by agribusiness, engineered, and sold to these very countries at exorbitantly high prices.²⁸² This is, understandably, a major irritant for developing country trade activists.

Agriculture's increasing "corporatization" into the mammoth global agribusiness industry has also fuelled the controversy and raised the stakes in the debate. Claims that agribusiness is displacing small farmers worldwide abound in the literature on agricultural trade economics.²⁸³ To be sure, there is mounting evidence that agribusiness has co-opted a sector that used to cater exclusively to national food security and transformed it into an unqualified money making machine for shareholders out to make a profit despite the ramifications to the social structure domestically and globally. The Institute for Agriculture and Trade Policy (IATP) has documented the extent of agribusiness' oligopolistic control of agriculture in the United States:

A few transnational agri-business firms dominate all agricultural commodity production, transportation and processing in the United States. Over 80 percent of US corn is exported by three firms: Cargill, ADM and

²⁸² The Third World Network has published much material on this subject. Of this body of work, Vandana Shiva's contributions have been particularly influential.

²⁸³ See Frank Magdoff et al., eds., *Hungry for Profit: The Agribusiness Threat to Farmers, Food, and the Environment* (New York: Monthly Review Press, 2000).

Zen Noh. The top four beef-packers in the United States are Tyson (owner of Iowa Beef Packers), ConAgra, Cargill (owner of Excell Corporation), and Farmland National Beef Packing Company. They control 81% of the market. Three of these four (Smithfield replaces Farmland) are also the top pork packers; two (Tyson and Con Agra) are among the top poultry producers. Cargill ranks among the top three of four companies across the sector, from beef and pork packing, to turkeys, animal feed, grain terminals, corn exports, soybean exports, flour milling, soybean crushing, and ethanol production.

These startling statistics reveal the extent to which transnational agribusiness is displacing small farmers worldwide.

Why Agricultural Protectionism

Timothy Josling presented a very pragmatic assessment of why high agricultural protectionism is so prevalent in the international political economy despite its economic pitfalls for the economy and society. “Agricultural protection, like that in other ‘sensitive’ sectors of the economy (e.g., textiles, steel, and shipbuilding), serves one purpose—to protect the profits of those in the industry from erosion due to competition. It is the fear of reduced incomes and asset values, including land prices, rather than food shortages or rural depopulation that often makes it so difficult to remove high levels of protection.”²⁸⁴ This illuminates the role industry lobbying and rent-seeking plays in the making of agricultural policy—and, for that matter, the making of policy for any “sensitive” sector.²⁸⁵ James P. Houk proffered another, more multidimensional view. Houk outlined several reasons why countries shield their agriculture sectors from foreign competition: protect a new industry; protect national security; protect national health;

²⁸⁴ Josling 1998, 9.

²⁸⁵ For an excellent analysis of rent-seeking see Anne Krueger’s famous 1974 article, “The Political Economy of the Rent Seeking Society,” *American Economic Review* 64 (3): 291-303.

protect against “unfair” foreign trade policy; protect domestic programs; protect the balance of payments; improve the international terms of trade; provide revenue; and protect against painful economic adjustment.²⁸⁶ “The main reason that a protective web of trade policy evolves within every nation is that the benefits of additional trade usually are spread widely and thinly among numerous individual consumers and vigorous industries. However, the costs and hardships, although smaller in total, almost always are focused on relatively few workers, farms, and industries. These few can usually articulate their problems clearly and press for help.”²⁸⁷ DeVries and Richter-Altschaffer specified technological progress as another rationale for government management of agricultural production and trade: “...agriculture not only profits but also suffers from rapid progress in technology, which, as an industry, can raise productivity and income only if the new or improved resources can be fully, or nearly fully, employed. Contrary to the situation in industry with its much higher demand elasticities, such increases in economic productivity and income, with full employment of the improved resources, can only come about if prices are not pushed down—that is to say, if output is not, or not significantly, raised.”²⁸⁸ It is not surprising, therefore, that farmers in wealthy advanced countries demand and, more often than not, receive substantial government support—“support for income protection, support by demand supplementation through export subsidies and schemes of domestic and international food aid, and, partly, support through supply management which their millions cannot accomplish for themselves as easily as can industrial producers acting individually or in concert.”²⁸⁹

²⁸⁶ Houk 1986, 21-25.

²⁸⁷ Houk 1986, 20-21.

²⁸⁸ DeVries and Richter-Altschaffer 1974, 67.

²⁸⁹ DeVries and Richter-Altschaffer 1974, 68.

The protectionist sentiment has characterized international trade for centuries. DeVries and Richter-Altschaffer delineated three phases in the growth of agricultural support.²⁹⁰ Until relatively recently in history, the now advanced (European) countries were able to meet the demands for both industrial development and food security. However, the tide began to change in the late 19th century when émigrés to the New World began to clear and farm the massive tracts of virgin territory available in their new lands. With the advances in grain farming and marine transport, the fruits of this toil soon began to flood the markets of the Old World. Hence, in phase one, European countries erected barriers in the form of fixed tariffs to moderate the influx of foreign farm goods. However, this reaction was not uniform across the countries. “Although by the middle of the century overseas food and agricultural raw materials had become essential for the supply of the European population and factories, domestic agriculture in continental Europe was not to be sacrificed to the upsurge of cheap deliveries from abroad. From the end of the seventies onward, Germany and France, in particular, resorted to protection. England remained true to the spirit that, a generation before, had led to the repeal of the Corn Laws.²⁹¹ Denmark and the Netherlands—small and highly progressive countries—sought an entrepreneurial solution by shifting into livestock partly reared on cheap imported feed.”²⁹²

The second phase of agricultural protectionism like the first emanated from developments in the international economic system, namely the difficulties stemming from Great Depression and WWI. In the early 20th century, countries retreated into

²⁹⁰ See DeVries and Richter-Altschaffer 1974, 61-66.

²⁹¹ Karl Polanyi discussed the harmful social impact of England’s repeal of the Corn Laws in his seminal work *The Great Transformation*.

²⁹² DeVries and Richter-Altschaffer 1974, 62.

isolation, which increased national productivity and forced self-sufficiency in agriculture as well as industry. Even England—which had tried to remain true to the spirit of liberalization that led it to repeal its Corn Laws—embraced protectionism, sheltering both itself and its colonies. It was in this era that quantitative restrictions, producer subsidies, and bilateral trade agreements first appeared.²⁹³ In the third phase, dating from the end of WWII to the present, government intervention in agricultural production and trade became entrenched. During this period, Europe consolidated the European Union including its agricultural regime, the Common Agricultural Policy (CAP), and the world's trading nations created the WTO incorporating agriculture for the first time in a multilateral trade framework to stem the tidal wave of protectionism. DeVries and Richter-Altschaffer explained the transition:

Under the systems of support characteristic of this third phase of protection, import duties have become of lesser importance. Fixed, guaranteed, or so-called target prices emerged; if set above levels of other countries' exports, they require either quantitative regulation of production and/or trade, or variable import levies. Direct payments to farmers, or subsidies for input items, with or without supply management, also became an important feature of support. Exporting countries joined the policy of agricultural protection with their own brands of price management, direct or indirect export subsidies, and governmental or quasigovernmental marketing boards or export monopolies.²⁹⁴

The GATT was created during the early part of this third phase to moderate the tariff barriers to trade that had become pervasive during the early to mid 20th century.

²⁹³ DeVries and Richter-Altschaffer 1974, 63. In the United States, Congress passed the Agricultural Marketing Act of 1929, establishing a federal farm board to support farm products by means other than a tariff. The Hawley-Smooth Tariff Act of 1930 increased the protective tariff to the highest level in US history. Section 22 of the Agricultural Adjustment Act of 1933 authorized import quotas on agricultural goods when necessary to enhance domestic support programs. The Sugar Act of 1934 went beyond import quotas, authorizing domestic production quotas and subsidies to domestic producers. Europe, of course, was not immune to the protectionist trend. Various countries established import monopolies for grain and set domestic prices at artificially high levels. Even Denmark and the Netherlands succumbed, establishing import-substituting industries to produce the food grains and livestock feed that they had previously imported.

²⁹⁴ DeVries and Richter-Altschaffer 1974, 65.

Creation of a Multilateral Trade Regime to Liberalize Trade

During the GATT prior to the creation of the WTO, the world's advanced countries were resolute in their determination to not include agriculture in multilateral trade negotiations. To a large extent, the US and EU have shaped the agriculture debate and defined the negotiation agenda.²⁹⁵ To be sure, the longstanding battle between the US and EU over the extent to which government should subsidize and otherwise protect its farmers is a major complicating factor in the agricultural trade debate. DeVries and Richter-Altschaffer explained the feud and its implications for international trade:

That agriculture should present a special problem in the relations between Europe and the United States is not surprising. Both are industrial areas. Agriculture is, of course, their oldest and most basic industry. In America and parts of Europe it is an export industry of great importance...Considering the social philosophies and political influences in American and European society, farm support and protection of agriculture are a fact and inescapable requirement. And since national support policies, to be effective, require measures affecting foreign trade, agriculture becomes a problem in international economic relations...²⁹⁶

Ironically, although both the US and EU staunchly endorse the logic of free trade, they brazenly flaunt their own rhetoric by maintaining massively subsidized, tariffed, and quota-laden farm sectors. Japan, with its refusal to open its rice and other industries to foreign competition, is another free trade delinquent. Each country has an ostensibly sound rationale for sanctioning protectionism in agricultural trade while endorsing open trade for industry. Regardless, this discrepancy smacks of a double-standard that not only unfairly privileges a select, powerful few at the expense of large segments of the

²⁹⁵ This is changing with China's recent accession to the WTO and its influence as a major agricultural power. The developing countries have also increased their participation in influence over WTO trade negotiations.

²⁹⁶ DeVries and Richter-Altschaffer 1974, 59.

world's people who rely on farming for basic sustenance, it also invalidates the argument for liberalized trade. Together, the US, EU, and Japan maintain the most highly protectionist policies in the world trading regime. Consequently, they have become the most vilified of countries in the WTO. They are routinely castigated by countries seeking access to their lucrative but protected markets and civil society endeavoring to level the playing field in agricultural trade.

The Uruguay Round and the WTO

By the late 1980s, GATT members conceded that protectionism in agricultural production and trade had gotten out of hand. Where they had previously avoided including agriculture in the multilateral trade framework, they recognized the political and economic expediency of including the sector in the Uruguay Round negotiations to arrest the spiral of protectionism. A 1988 FAO study of the state of world agriculture explained their conundrum: "In recognition of the high levels of protection in agriculture, the budgetary and economic costs that they entail and of the dangers of allowing the present indiscipline and unpredictability of world agricultural markets to continue, the contracting parties to the GATT have agreed to give special attention to agriculture in the new Uruguay Round of multilateral trade negotiations. Specifically, the negotiations 'shall aim to achieve greater liberalization of trade in agriculture and bring all measures affecting import access and export competition under strengthened and more operationally effective GATT rules and disciplines.'"²⁹⁷ The Uruguay Round was launched in 1986 with the Punta del Este Ministerial Declaration. According to

²⁹⁷ Alexandratos 1988, 197.

Raghavan (1990), the declaration incorporated agriculture into the negotiations to discipline world agricultural trade by correcting restrictions and distortions to reduce the uncertainty, imbalances, and instability prevalent in world agricultural markets. The key players during the negotiations were—and still are—the US, EU, the Cairns Group, Japan, and the developing countries.²⁹⁸ That these positions still hold over 10 years later reveals the WTO's lack of progress in achieving multilateral consensus on agricultural trade liberalization. At the WTO, as in most legislative bodies multinational or otherwise, politico-economic power yields influence and the ability to lobby effectively for the inclusion of one's interests in policymaking. It is certainly time that Jamaica and the other members of CARICOM exploit this reality at the WTO.

The Punta del Este declaration targeted several areas for reform, including two highly contentious issues that had been percolating between the advanced country and developing country blocs for decades. These were 1) improving market access through the reduction of import barriers, both tariff and non-tariff and 2) disciplining, and ultimately eliminating, the use of direct and indirect subsidies on agricultural production and export. Domestic subsidization was a particularly contentious issue between the developed and developing country blocs and between the US and the EU.²⁹⁹ Negotiating

²⁹⁸ At this point in the GATT, the developing country bloc was more cohesive and homogeneous than it is today in 2004. As Sheila Page explained, “[a]t the beginning of the Uruguay Round, there was still an identifiable ‘developing country’ position, particularly as it became clear that the developed countries would press for developing countries to participate in all aspects of the agreement. In all previous negotiations, where the central issue was ‘special and differential treatment’ for developing countries, they had operated as a group. Traditional leaders like India [and Brazil] still considered that they could speak for the majority of developing country members.” See Sheila Page, *Developing Countries: Victims or Participants—Their Changing Role in International Negotiations* (London: Overseas Development Institute, 2003), 9. Also see Appendix D for each country's negotiation position vis-à-vis agriculture.

²⁹⁹ In November 1992 the US and EU signed the Blair House Agreement to end a deadlock between the two countries that threatened to derail the Uruguay negotiations. Blair House paved the way for the inclusion of a “blue box” caveat in the Uruguay Round Agreement on Agriculture delineating “permitted” subsidies, namely those included in the 1990 US Farm Bill and the EU's CAP. Although Blair House resolved the US/EU conflict, at least in the short-term, it did not resolve for developing countries the issue

groups were formed and work programs outlined with the goal of identifying the major problems and their root causes and developing a list of negotiating objectives, or modalities, for moderating and rectifying the problems.³⁰⁰ The GATT Committee on Trade and Agriculture was one such negotiating group. During the early phase of the new round, the committee considered a number of strategies for addressing the problems of market access; subsidies affecting trade in agriculture; sanitary and phytosanitary measures and other technical issues; the review of national policies; and other issues such as special and differential (S&D) treatment for developing countries.³⁰¹

According to the WTO, the Punta del Este Declaration contained the most comprehensive trade negotiating mandate to date. It addressed traditional market access issues; the exceptional situations in the areas of agriculture and textiles and clothing; the rules of the system, including through improvement of agreements on non-tariff measures; and new issues in the international trade agenda, such as trade in services and protection of intellectual property rights.³⁰² In effect, the Declaration set the stage for large-scale liberalization of trade in industrial and agricultural goods and also service-related trade. However, agriculture would prove to be a stumbling bloc as it had been for decades. Discord over the nature and extent of agricultural reform prolonged the Uruguay Round negotiations for four extra years. GATT 1994, which established the WTO, was eventually signed at the Marrakesh Ministerial in April 1994 after eight long years of negotiations.

of noxious developed country agricultural subsidization. If anything, it exacerbated the destructive practice of rich country subsidization by institutionalizing it at the WTO in the Agreement on Agriculture.

³⁰⁰ Negotiating modalities outline the scope of the negotiations, the methodologies to be followed during the negotiations, and the expected outcomes.

³⁰¹ Alexandratos 1988, 198.

³⁰² See http://www.wto.org/english/thewto_e/whatis_e/eol/e/wto01/note1.

The WTO encompassed several new agreements that revolutionized the multilateral trade regime.³⁰³ With regards to trade in agriculture, the agreement on Agriculture and Sanitary and Phytosanitary Measures are the ruling precepts. The AoA integrates sections of the SPS along with language pertaining to the special conditions of developing countries. It specifies that the Uruguay negotiations “have resulted in four main portions of the Agreement: the Agreement on Agriculture itself, the concessions and commitments Members are to undertake on market access, domestic support and export subsidies; the Agreement on Sanitary and Phytosanitary Measures; and the Ministerial Decision concerning Least-Developed and Net Food-importing developing countries.”³⁰⁴ Although GATT 1947 had disciplined world trade to a large degree, certainly in comparison the highly protectionist policies many countries observed in the pre-WW II era, GATT rules did not effectively regulate agricultural trade until the AoA was implemented in 1995. GATT 1947 governed agricultural trade, but it contained many loopholes that allowed members to bend the rules to their advantage. In the intermediary period between GATT 1947 and GATT 1994, countries developed creative non-tariff methodologies for subverting liberalized trade in agricultural goods. Quotas and subsidies, both export and domestic, became *de rigueur*. Members, recognizing the need to bring order to an increasingly unpredictable and inequitable agricultural trade regime, ratified the AoA to standardize agricultural trade under the GATT.

³⁰³ Key among these are the Agreement on Agriculture (AoA), the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS), the Agreement on Textiles on Clothing, the General Agreement on Trade in Services (GATS) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

³⁰⁴ See *The Results of the Uruguay Round of Multilateral Negotiations: Legal Texts: The WTO Agreements*. www.wto.org/english/docs_e/legal_e/ursum_e.htm#aAgreement.

The WTO's rules and commitments apply to the three principal categories of agricultural protection—market access, domestic support, and export competition—which many trade experts refer to as the three pillars of the AoA. In WTO terminology, market access references the various trade restrictions confronting imports; domestic support references the subsidies and other programmes, including those that raise or guarantee farmgate prices and farmers' incomes; and export competition references the subsidies and other methods used to make exports artificially competitive.³⁰⁵ The AoA provided for flexibility in implementation to take into account the interest many countries have in protecting their rural economies, the special needs of poorer countries, and the interests of net food-importing countries.³⁰⁶ Under the AoA, agricultural products are now protected only by tariffs—at least in theory. Members consented to reduce non-tariff barriers to trade but they retained the right to impose tariffs on imports, albeit at reduced levels, and some countries retained the right to subsidize certain products.³⁰⁷ Market access involves tariffs primarily. As such, market access liberalization under the WTO had two components: 1) the further reduction and/or elimination of tariffs from the levels allowed under GATT 1947 and the various amendments enacted thereafter and 2) the conversion of non-tariff barriers to tariffs in a process of “tariffication.” Members agreed to reduce these newly converted tariffs over a predetermined implementation period by set percentages for developed and developing countries. Developed countries were to reduce tariffs by an average of 36 percent over six years and developing countries

³⁰⁵ See *Trading into the Future: The Agreements—Agriculture: Fairer Markets for Farmers*. http://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm3_e.htm.

³⁰⁶ For instance, the least developed countries (LDCs) were exempted from all commitments to reduce tariffs and subsidies.

³⁰⁷ Only those countries that subsidized exports prior to the implementation of the AoA were allowed to continue subsidizing.

by an average of 24 percent over 10 years. The minimum cut for developed countries was to be 15 percent and, for developing countries, 10 percent. The Uruguay Round also created the tariff rate quota (TRQ) as another component of the tariffication process. In many cases, when countries converted their non-tariff barriers into tariffs, the calculated equivalent tariffs still posed a significant import restriction. WTO members devised the TRQ to ensure minimum access opportunities for imports. The TRQ, in effect, affords lower tariffs for specified product quantities within the quota and higher tariffs for quantities outside the quota. “The tariffication packages also provides for the maintenance of current access opportunities and the establishment of minimum access tariff quotas (at reduced-tariff rates) where current access is less than 3 per cent of domestic consumption. These minimum access tariff quotas are to be expanded to 5 percent over the implementation period. In the case of the ‘tariffied’ products ‘special safeguard’ provisions will allow additional duties to be applied in case [of] shipments at prices denominated in domestic currencies below a certain reference level or in case of a surge in imports.”³⁰⁸ Unfortunately, quota administration is not streamlined and many countries complain that, by being excluded from the quotas, their exports are unfairly restricted and unduly subjected to the higher outside-quota tariff rates.³⁰⁹ Despite their limitations, tariff rate quotas are generally endorsed by developing countries, at least those that are party to commodity arrangements that include TRQs for developing country exports.

With regards to domestic support, WTO terminology references subsidies awarded for production in terms of “boxes” with the colors of traffic lights—green

³⁰⁸ See http://www.wto.org/english/docs_e/legal_e/ursum_e.htm#aAgreement.

³⁰⁹ These complaints are particularly vociferous when tariff quotas are not filled with the targeted imports, yet the countries not privy to the quotas nonetheless have to pay the higher tariffs.

meaning allowed, amber meaning to be reduced, and red meaning not allowed.³¹⁰ Because the AoA does not explicitly forbid any support policy, the boxes essentially designate caveats for subsidization. Hence, there is no red box; however, domestic support exceeding amber box levels is considered WTO-illegal. The amber box designates all domestic support measures that distort production and trade. Countries must reduce the total value of these measures. Amber box subsidies are expressed as total aggregate measurement of support (AMS) and are subject to defined “*de minimis*” limits of 5% of agricultural production for developed countries and 10% for developing countries. There is also a blue box designating subsidies linked to programs that limit production. This box is known as the “amber box with conditions” and designates subsidies aimed at minimizing distortion in production. The blue box is an exemption from the general rule that all subsidies linked to production must be reduced to “*de minimis*” levels.³¹¹ Some countries oppose the blue box because payments are only partially decoupled from production. Green box subsidies must not distort trade, or at worst, must cause only minimal distortion.³¹² They must be government-funded and cannot involve price support—i.e., by charging consumers higher prices to offset costs—and generally involve support that is decoupled from production. Green box policies meeting these criteria are allowed without limits. They include government services such as research and disease control, direct payments to farmers that are decoupled from production, and direct payments under environmental programs. Many developing

³¹⁰ See *Domestic support in agriculture: The boxes*, an agriculture negotiations background fact sheet. http://www.wto.org/english/tratop_e/agric_e/agboxes_e.htm.

³¹¹ See *WTO Agriculture Negotiations: The Issues, and Where We Are Now* (October 2002, 20). http://www.wto.org/english/tratop_e/agric_e/agnegs_bkgnd_e.pdf.

³¹² The green box is defined in Annex 2 of the AoA. A complete listing of permitted green box policies is provided therein.

countries feel the green box is biased towards wealthier countries that have carved out safety and environment imperatives for agricultural production and trade and, through publicity and marketing, have secured public endorsement of government support to finance these “just” causes. Financing of this sort marginalizes developing countries not able to compete with such lavish subsidies and not allowed to define their own imperatives. “The rhetoric of liberalisation is evoked to explain that developing countries can not carve out appropriate exceptions for themselves for the just goal of food security. It is quite obvious however, as illustrated by the Green Box, that developed countries are able to do so for the ignoble goal of economic and political self-interest.”³¹³

Export subsidies, the final pillar of the AoA, is highly criticized by many WTO members, particularly the poorer nations who are neither permitted to nor can afford to subsidize their farmers to the extent that richer countries can. The AoA export subsidy reduction mandate for developed countries is two-prong: members must reduce direct export subsidies to 36% below the 1986-90 base period level, and the amount of subsidized exports by 21 percent, over the six-year implementation period. Developing countries are held to two-thirds the commitment of the advanced countries and have 10 years to make their reductions. The least developed countries are absolved of any reduction commitments.³¹⁴ Despite the adjustments made for poor countries, the AoA’s export subsidy provisions nonetheless harmed developing country agriculture. The AoA did not compel developed countries to eradicate their subsidies as it should have. “Like domestic measures, many developing countries do not have export subsidies in place. In most cases, these were eliminated by the imposition of Structural Adjustment

³¹³ Phillips 2001, 15.

³¹⁴ See Appendix E for a delineation of the reduction commitments mandated by the AoA.

Programmes without any regard for food security. Because current tariff rates can not be increased, developing countries are left to compete unfairly against the highly subsidised exports of developed countries.”³¹⁵

The Agreement on Sanitary and Phytosanitary Measures (SPS) has bearing on trade in agriculture because it applies to food safety and animal and plant regulations. The SPS validates a government’s right to enact sanitary and phytosanitary regulations that are necessary to protect human, animal, or plant life or health. However, the agreement holds governments to a standard of scientific legitimacy, consistency, and fairness in the application of sanitary and phytosanitary regulations in trade.³¹⁶ To harmonize standards across its diverse members, the WTO encourages countries to base their regulations on international standards, guidelines, and regulations. However, members are allowed to enact measures that are higher than international standards if they provide adequate scientific justification or appropriate risk assessment. Developing countries view the SPS with suspicion because they fear it has been, and will be, used to unfairly discriminate against their exports. This is a major source of worry for poor countries like Jamaica as they struggle to muster the financial resources and institutional machinery to comply with trade partners’ sanitary and phytosanitary measures in order to ensure the viability of their exports in international trade.

WTO members, recognizing the unique situation of developing countries and the potential for foul play vis-à-vis poorer countries, incorporated into the AoA provisions recognizing the special needs of developing countries. Developing countries outlined

³¹⁵ Phillips 2001, 16.

³¹⁶ The WTO does not recognize the precautionary principle, a trade safeguard whereby governments can reject goods that have not been proven 100% risk free. The EU, Japan, and other countries routinely use the precautionary principle to reject genetically modified food imports.

their concerns to be addressed. Almost 10 years after Uruguay, these concerns are as relevant as they were in 1995. They include, along with the concerns about developed country subsidization, the expectation that developing countries liberalize at (effectively) the same pace as the wealthier industrialized countries; developed country tariff peaks against products of export interest to developing countries; developed country tariff escalation for increased value-added; the dearth of international commodity agreements and the related commodity price volatility; the imminent end of preferential market access under PTAs due to challenge at the WTO; PTAs encouraging of specialization of a limited number of primary commodity exports; and the need for greater coherence between aid and trade policies.

The PTA issue is both sensitive and significant. Due to developed country agricultural protectionism, many developing countries are reduced to dependence on preferential market access to developed country markets.³¹⁷ Needless to say, there would not be as strong a need for such arrangements if free trade in agriculture existed in practice and was not merely rhetoric bantered about in ideological discussions of trade liberalization as an economic ideal. “[S]ome countries doubt whether preferences are truly beneficial because they encourage small countries to be dependent on a small number of uncompetitive products, discourage diversification and prevent other countries from supplying those products.”³¹⁸ PTAs are also highly susceptible to challenge from WTO members that feel such arrangements discriminate against their agricultural

³¹⁷ These preferential trade agreements (PTAs) include commodity arrangements granting developing country parties to the agreement market access for specified tariff rate quotas (TRQs) of select goods. Examples include the Generalized System of Preferences (GSP), Caribbean Basin Initiative (CBI), Lomé/Cotonou Agreement, and the African Growth and Opportunity Act (AGOA).

³¹⁸ *WTO Agriculture Negotiations: The issues, and where we are now* (Geneva: World Trade Organization, 2002), 33.

exports. Of particular importance to Jamaica is the WTO challenge to the EU's Lomé regime that the US mounted in 1996.³¹⁹ In a major blow to Caribbean banana producers, the US won the case and the EU reformulated the terms of Lomé in the new Cotonou Agreement.³²⁰ Despite the limitations of PTAs, some countries have grown dependent on the arrangements as a vehicle for exporting their farm goods and want to preserve them. Small island countries like Jamaica and land-locked countries depending on few export commodities figure prominently among this group. However, PTAs are gaining in disfavor. The IMF had the following to say on the benefits, or lack thereof, of PTAs for developing countries:

For a variety of reasons, preferential access schemes for poorer countries have not proven very effective at increasing market access for these countries. Such schemes often exclude, or provide less generous benefits for, the highly protected products of most interest to exporters in the poorest countries. They are often complex, nontransparent, and subject to various exemptions and conditions (including noneconomic ones) that limit benefits or terminate them once significant market access is achieved.³²¹

Measures such as PTAs, which were designed to facilitate trade and development opportunities for developing countries but have since proven ineffectual in improving market access and promoting broad-based development, have led several developing country WTO members to submit proposals designating the need for separate rules for

³¹⁹ On paper, the beneficiaries were ostensibly Ecuador and other Latin American countries where large quantities of bananas are produced. But the US in reality sued on behalf of its fruit-producing MNCs—i.e., Dole and Chiquita—operating in these regions.

³²⁰ The EU instituted the Lomé Treaty to assist its former colonies in the African, Caribbean, and Pacific (ACP) regions in their transition to the global economy as independent countries. Lomé included preferential market access for certain ACP exports, including bananas. Under the Cotonou Agreement, Lomé's successor treaty, preferential market access is limited to ACP countries that are UN-designated least developed countries (LDCs). Cotonou was negotiated in 2000 and will take effect in 2008 after an eight year transition period to allow current non-LDC beneficiary countries time to restructure their economies and trading regimes to compete effectively in an open global trading regime sans preferences.

³²¹ *Global Trade Liberalization and the Developing Countries* (Washington, D.C.: International Monetary Fund, 2001).

developed and developing countries.³²² “Some countries say WTO arrangements should be more flexible so that developing countries can support and protect their agricultural and rural development and ensure the livelihoods of their large agrarian populations whose farming is quite different from the scale and methods in developing countries. They argue, for example, that subsidies and protection are necessary to ensure food security, to support small scale farming, to make up for a lack of capital, or to prevent rural poor from migrating into already over-congested cities.”³²³ Developing country food security, in particular, has attracted a lot of attention. To counter food shortages in developing countries, the WTO’s Special Decision delineates objectives for the provision of food aid via grants and technical assistance for agricultural development. The AoA also provides for IMF and World Bank financing for the short-term purchase of food imports.

However, as useful as these stop-gap measures may be, much more needs to be done to effectively enhance developing natural resource economies’ long-term competitive viability in agricultural production and trade to reduce dependency on external assistance and facilitate national development of the sort that provides them the wherewithal to either produce sufficient food for domestic consumption, with surplus for trade, or adequate resources to purchase—versus beg for—what they require. Studies have proven that external aid is not sufficient for Third World development. Eberhard Ruesse explained how a foreign “techno-managerial elite” makes assessments of need in

³²² CARICOM (G/AG/NG/W/100), the African Group (G/AG/NG/W/142), the Association of Southeast Asian States (G/AG/NG/W/55), and SIDS (G/AG/NG/W/97) each submitted proposals. A group of 12 unaffiliated developing countries (G/AG/NG/W/13) also submitted a proposal, as did several individual member governments. See *WTO Agriculture Negotiations: The issues, and where we are now* (Geneva: World Trade Organization, 2002), 22.

³²³ *WTO Agriculture Negotiations: The issues, and where we are now* (Geneva: World Trade Organization, 2002), 21.

developing countries then determines how this need is to be met.³²⁴ “The good ship Foreign Aid ferries gold in a never-ending round-trip between the aid organizations and the technocrats in the aid-recipient countries, without much opportunity for the intended beneficiaries to climb on board or influence direction.”³²⁵ Trade-distorting policies divert more income from poor countries than is realized from official development assistance (ODA) and debt-relief programs.³²⁶ Food aid, often used in a trade-distorting manner by advanced countries, is viewed suspiciously by developing countries which have come to regard government-funded food dumping by rich countries in poor countries as an insidious obstruction of their aim to enhance agricultural production, create food security, and facilitate national development.³²⁷

The Institute of Agriculture and Trade Policy (IATP) has derided export dumping, the practice of selling products at prices below their cost of production, as a highly distortive—yet commonly practiced—trade practice. “Developing country agriculture,

³²⁴ Eberhard Ruesse, *The Ills of Aid: An Analysis of Third World Development Policies* (Chicago: University of Chicago, 2002).

³²⁵ William Easterly, Who is Accountable: a review of Eberhard Ruesse (2002), *Finance & Development* 40:1 (March 2003).

³²⁶ The IMF estimated ODA levels in recent years at approximately \$50-60 billion per year and debt relief under the Historically Indebted Poor Country (HIPC) initiative at US\$1.4 billion in 2001. Over the same timeframe, trade distorting subsidies, quotas, and tariffs caused developing countries to lose much more in trade-generated income.

³²⁷ The US’ grant and concessional credit food aid was authorized under the Agricultural Trade Development and Assistance Act of 1954 as amended (Public Law 480), the Food for Progress Act of 1985, and Section 416(b) of the Agricultural Act of 1949. Title XV of the Food, Agriculture, Conservation, and Trade Act of 1990 (FACT Act) contains pertinent amendments of these authorities. P.L. 480 is intended to “combat hunger and malnutrition; promote broad-based equitable and sustainable development, including agricultural development; expand international trade; develop and expand export markets for United States agricultural commodities; and to foster and encourage the development of private enterprise and democratic participation in developing countries.” P.L. 480 is also known as the Food for Peace program, and includes three titles. The USDA administers Title I and the US Agency for International Development (USAID) administers Titles II and III. Each title has different objectives: Title I authorizes government-to-government sales of agricultural products under long-term credit arrangements; Title II authorizes donation of surplus food to meet humanitarian needs in foreign countries; and Title III authorizes government-to-government grants for the purpose of promoting long-term economic development in the least developed countries. For more information, see <http://www.fas.usda.gov/excredits/pl480/pl480ofst.html>.

vital for food security, rural livelihoods, poverty reduction and trade, is crippled by the practice of major commodities sold at well below cost of production prices in world markets.”³²⁸ Dumping undermines developing country economies because locally produced farm goods cannot compete against the cheap imports. Indeed, surpluses disposed of with subsidies in international markets prompt price competition that reduces the market share of efficient producers who cannot employ subsidy competition.³²⁹ “This lowers export earnings and farm incomes or depletes the public resources of developing countries that export competing products.”³³⁰ Food dumping occurs in one of two contexts: via the sale of agricultural commodities in international trade or via a donation of food aid to needy countries. According to the USDA, “[t]he United States is the world’s largest food aid donor, with a long tradition of generosity in providing humanitarian assistance to needy people throughout the world. U.S. programs help feed the hungry, improve global food security, encourage education, and promote agricultural and economic development in poor countries.”³³¹ Food aid, when awarded to alleviate hunger, certainly serves a humane and worthwhile purpose. However, that purpose becomes less benevolent, even sinister, when developed countries use food aid programs as a pretext for dumping their agricultural surplus on unwitting or desperate poor countries with the intention of forging new markets by creating dependency on the dumped products.³³² Yet, this is happening worldwide with extremely damaging

³²⁸ Ritchie et al. 2003, 2.

³²⁹ Parikh et al. 1988, v.

³³⁰ Parikh et al. 1988, v.

³³¹ See <http://www.fas.usda.gov/food-aid.html>.

³³² “In Public Law 481 (food aid), these are American foods that go there. It’s good for our economy....And a little-known fact is that basically those countries that get food aid actually ultimately develop into very good markets for the United States and they buy additional food from us when they get on their feet.” Secretary of State Madeline Albright presentation to the House of Representatives International Relations Committee, 11 February 1997 (cited in USIS Daily Bulletin, 13 February 1997).

consequences for poor countries' agricultural sectors and, by implication, national development. According to the IMF, "[t]he dumping of agricultural surpluses, in the form of non-emergency food aid or with the help of export subsidies, has damaged farm production in a number of developing countries, some of which had been carefully nurtured under assistance programs."³³³

As Wendy Phillips noted, "[c]areless use of food aid can have devastating effects on developing countries. The famine relief aid provided by surplus grain from the US, for example, destroyed the indigenous millet market in Africa."³³⁴ And, according to the Cornerhouse, a British NGO committed to creating a more democratic civil society, "[s]ubsidised food dumping is clearly connected to the creation of food dependence in sub-Saharan Africa. Three decades ago, the region was self-sufficient in basic food staples. Since the 1970s, however, wheat imports have increased by over 200 per cent. Net imports have risen three-fold from three million to nine million tons...Food dumping played a key role in this surge in import demand. In the latter half of the 1980s, the US and the EU were selling wheat at \$60 per ton in West Africa, one quarter of the price paid to EU farmers for their crop."³³⁵ Also problematic is the fact that the developed countries regularly produce large agricultural surpluses because they award their farmers generous amber box domestic support subsidies linked to production in complete disregard of the subsidies' injurious consequences for both developing countries and world trade in general. Exporting governments exacerbate the problem in another destructive fashion—

³³³ *Improving Market Access: Toward Greater Coherence Between Aid and Trade* (Washington, D.C.: International Monetary Fund, March 2002).

³³⁴ See Wendy Phillips, *Food Security: A First Step Toward More Fair Trade* (Canada: World Vision Canada, August 2000).

³³⁵ See <http://www.thecornerhouse.org.uk/briefing/10gefood.html>, Box 2.

they contract with exporting companies, typically large agribusiness multinational corporations such as Cargill and ADM, paying them an export subsidy or awarding them tax exemptions to cover the cost of transportation. These companies are then able to sell—i.e., dump—the products in recipient developing countries at prices that are much lower than the actual cost of production and transportation. To be sure, dumping exemplifies how the operation of global trade rules privilege those actors possessing wealth and power to the disadvantage of weaker, less powerful actors. The privileged few are primarily the rich countries that are able to subsidize their farmers; farmers in rich countries who benefit from government subsidies, generally possess more land, and have access to advanced technologies; and the MNCs that are subsidized by rich country governments to ship their surplus farm goods to poor countries for both aid and trade.

In general, developing countries are powerless against dumping. They not only lack the resources for combating the scourge, but many actually welcome the food imports to alleviate, albeit temporarily, domestic hunger and/or satisfy the consumption demands of their burgeoning urban populations who, after decades of dumping, have become accustomed to low-priced imports. Many countries have become dependent on subsidized imports, but this dependence on a seemingly boundless source of cheap food comes at a cost. “Some developing countries do benefit from the subsidized disposal of surplus cereals on the world market. This, however, might be only a short-term gain. Low prices are a disincentive to their own producers and lead, in the long run, to an unsustainable dependence on imports, as appears to be the case in many parts of Africa.

Also, these benefits of cheap cereals may not offset the loss of markets, such as the sugar market, which is important to a large number of developing countries.”³³⁶

Even before they committed to the AoA’s reductions on trade restrictions, countries like Jamaica implemented IMF/World Bank structural adjustment programs requiring them to liberalize their trade regimes, among other reforms. The AoA cemented their commitments so they are precluded from imposing new tariff and non-tariff barriers to trade. According to the IATP, “[t]he full impact of dumped exports has to be considered in light of the push over the past 20 years to reduce tariffs in developing countries. This push was encouraged, and locked into international law, with the Uruguay Round Agreement on Agriculture. But more importantly, bilateral arrangements with the World Bank and International Monetary Fund have introduced structural adjustment programs as a condition for access to international financing. These programs have tariff reduction as a cornerstone. The programs have also required the privatization of many governmental services, including agricultural marketing and distribution boards. As the world price for commodities move up and down, prevailing prices in countries must match that price.”³³⁷ Because developing countries cannot afford to protect their agricultural sectors to the extent that their wealthier counterparts are able, their farmers are extremely vulnerable to the destructive effects of commodity price volatility.³³⁸ Moreover, developing countries lack the resources to capitalize on the special safeguard measures and exemptions that the WTO allows. The WTO Anti-Dumping Agreement—an updated version of Article VI of the GATT—allows countries

³³⁶ Parikh et al. 1988, v.

³³⁷ Ritchie et al. 2003, 13.

³³⁸ It is not surprising, therefore, that developing country farmers are abandoning agriculture in droves and flooding their cities in search of work.

to restrict imports of products they feel are being dumped, or sold at prices below “normal value,” if the imports cause injury to competing domestic industries. However, because the agreement requires the importing country to calculate the cause of harm, the dumping margin, and the actual damage to domestic production, three very resource-intensive processes, many developing countries bypass this remedy option because it is simply too expensive. The political reality of the multilateral trading system is another complicating factor. Most developing countries have neither the resources nor the clout to challenge dumping behemoths such as the US or EU. The threat of retaliation serves as another disincentive. The IATP explained the consequences of agricultural dumping for developing countries like Jamaica in a 2003 report:

The structural price depression associated with agriculture dumping has two major effects on developing countries whose farmers produce competing products. First, below-cost imports drive developing country farmers out of their local markets. If the farmers do not have access to a safety net, they have to abandon their land. When this happens the farm economy shrinks, in turn shrinking the rural economy as a whole. This is happening around the world, in places as far apart as Jamaica, Burkina Faso and the Philippines. Secondly, farmers who sell their products to exporters find their global market share undermined by the lower-cost competition.³³⁹

The report cites the US as one of the world’s leading dumpers of agricultural commodities.³⁴⁰

Other major dumpers include the EU, Japan, and Canada. Together these dumpers have flooded the international marketplace with surplus food.

³³⁹ Ritchie et al. 2003, 2.

³⁴⁰ US dumping levels approximate 40 percent for wheat, between 25 and 30 percent for corn, 30 percent for soybeans, 57 percent for cotton, and 20 percent for rice. So, in effect, US-grown wheat sells on world markets for 40% less than what it cost to produce. This hurts not only farmers in developing countries forced to compete with such low prices, but also farmers in developed countries forced to contend with lost income due to the depressed prices. This displacement of developed country farmers, combined with their historical political influence on national policymaking, reinforces the vicious cycle of developed country agricultural subsidization, both domestic and export. See Oxfam International (2003), 2-3.

In Jamaica, for example, the milk powder phenomenon decimated the country's dairy industry.³⁴¹ Beginning in the 1970s, Jamaica began importing large quantities of milk powder. Consumers, attracted by its accessibility and low price, soon chose the powder over locally-produced fresh milk. As Oxfam explained, "Jamaican farmers first started giving away their milk in 1998, then using it as animal feed, and by 1999, were throwing it away. They threw away more than half a million litres of milk. Then farmers began to slaughter their animals. This was happening because cheap milk and milk powder from the United States and the European Union was flooding the Jamaican market."³⁴² This, of course, had harmful implications for other locally-produced products made with milk derivatives, namely cheese and butter. Today, Jamaica's dairy industry—one that most countries deem essential to national food security—is virtually non-existent. To be sure, poor net-food importing countries like Jamaica benefit greatly when they are afforded low prices for their food imports. However, that benefit subsides significantly when their complementary food products are forced to compete on the international marketplace with the highly-subsidized, low-priced surplus food exports from developed countries. Ultimately, poor countries will benefit more in the long-term if advanced countries share their technical expertise—and not just their surplus food—with poorer countries to enhance their agricultural trade capacity and competitiveness as a means of jumpstarting and/or invigorating national development. It is as simple as the

³⁴¹ According to the FAO, dairying is one of the most protected agricultural sectors in developed countries. Milk and other dairy products are in serious surplus in the US, Canada, and the EU. See Alexandratos 1988, 189 and 192.

³⁴² See <http://www.oxfam.ca/campaigns/worldFoodDay/wfd0111.html>. Stephanie Black's documentary *Life and Debt* presents a vivid and disturbing portrayal of Jamaican farmers literally pouring freshly-produced milk into open fields because they had no hope of selling it domestically, much less internationally.

ancient Chinese proverb: Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime.

Intersection of Domestic and International Agricultural Trade Policy

The Uruguay Round, although significant for its breakthrough *de jure* incorporation of agricultural issues into the multilateral trade framework, ultimately did not redress the distortions that are prevalent in agricultural trade. Countries generally have not executed the reduction commitments negotiated during the round. There is a significant divide in this regard between two primary groups of countries: the developing countries that sought financial assistance from the World Bank and IMF and the advanced countries that did not. As part of their structural adjustment agreements with the World Bank and IMF—most signed prior to the Uruguay Round—the countries of the former group surrendered their ability to restrict their trade via tariffs or other means long before the Uruguay negotiations. By comparison, the advanced countries, not bound by any structural adjustment conditionalities, have been free to protect their farm sectors and restrict foreign agricultural trade, often manipulating WTO rules to their advantage. “In their rhetoric, governments of rich countries constantly stress their commitment to poverty reduction. Yet these same governments use their trade policy to conduct what amounts to robbery against the worlds’ poor. When developing countries export to rich-country markets, they face tariff barriers that are four times higher than those encountered by rich countries.”³⁴³ As with dumping, the US, EU, and Japan lead the world in restricting agricultural trade. All engage in restrictive trade practices as a matter of

³⁴³ Oxfam International 2002, Summary pg. 3.

policy—both *de jure* and *de facto*. However, the US and EU’s trade policies and practices have pressing implications for Jamaica because they are its most significant trading partners and export markets outside CARICOM.

In a not isolated case of government interventionism in economic affairs, the United States recently implemented a highly protectionist new farm bill. “Much to the disdain of the free-trade purists, the Bush administration has shown much more willingness to meddle in trade disputes, going so far as to impose countervailing duties in the case of softwood lumber and steel.”³⁴⁴ On 13 May 2002, President George W. Bush signed into law the Farm Security and Rural Investment Act of 2002, a \$248.6 billion bill that is estimated to increase the payment of subsidies to the US agricultural sector by 80 percent over the 1996 Freedom to Farm Act and at least \$US82 billion over the next ten years.³⁴⁵ The US government made tentative attempts in the Freedom to Farm Act to reduce farm subsidies in compliance with reduction commitments agreed to during the Uruguay Round. However, the 2002 bill represented a full-scale abandonment by the US of these commitments and a regression to overt protectionism in agricultural trade. It is certainly understandable that a country would want to protect its farmers. What is not reasonable is a country’s practice of encouraging other countries to liberalize their agricultural regimes in the name of free trade, while said country does the reverse and

³⁴⁴ Bill Virgin, Sex, fear and changes in U.S. rules of trade, *Seattle Post-Intelligencer*, 1 April 03. With regards to the steel and softwood lumber cases, the US invoked Section 201 of the Trade Act of 1974 in 2002 to impose antidumping duties for up to three years on selected imported steel after declaring that certain foreign steel producers were unfairly dumping steel products in the US. In a similar action, the US imposed countervailing duties in 2001 on Canadian lumber to offset subsidies awarded lumber producers. In March 2003, the WTO ruled the US action on steel WTO-illegal.

³⁴⁵ The bill targets eight crops—cotton, wheat, corn, soybeans, rice, barley, oats, and sorghum. For more information see text of conference bill at http://agriculture.senate.gov/Briefs/2001FarmBill/END02_380.pdf; Bridges Weekly Trade News Digest, vol. 6, no. 18, 15 May 2002; Anuradha Mittal, *Giving Away the Farm: the 2002 Farm Bill*; and Food First Backgrounder, Summer 2002, Vol. 8, no. 3.

maintains, even expands, trade restrictions simply because it has the political and economic clout to do so. The new farm bill raises the question of whether the US has abdicated the commitment to agricultural trade liberalization which it professes so avowedly in multilateral negotiating fora to encourage further trade liberalization in areas of interest to industrial countries—i.e., services.

The EU's agricultural cornerstone is its Common Agricultural Policy (CAP). "Created out of the need to secure guaranteed food supplies for Western Europe, the modern Common Agricultural Policy also now maintains and encourages rural development through diversification. The consumer's needs are a key priority, requiring the production of high quality food which at the same time respects the environment."³⁴⁶ However, many trade experts disagree with the last sentence of the CAP mission statement. It is apparent to all but the Europeans that by awarding huge subsidies to Europe's agricultural sectors and maintaining high tariff and non-tariff barriers against foreign food imports, the CAP privileges a small component of Europe's steadily diminishing farming population to the detriment of its consumers as well as poor country producers. As the Center for the New Europe note, "EU agricultural policies hurt farmers in the developing world. They hurt consumers in Europe by raising the price of food. They hurt nonagricultural producers in Europe by diverting income that would otherwise not be spent on food...They do not materially assist the majority of European farmers. The main beneficiaries are a few big agri-business corporations and the politicians and bureaucrats who supervise the whole system."³⁴⁷

³⁴⁶ See the European Union's agriculture website, http://europa.eu.int/pol/agr/overview_en.htm.

³⁴⁷ *EU Trade Barriers Kill* (Brussels: Center for the New Europe, September 2003).

The Doha Round

Merlinda Ingco predicted in 1995, immediately after the conclusion of the Uruguay Round, that actual reform of agricultural trade during the Round would be inconsequential; although the tariffication of non-tariff barriers and the binding of all tariffs was notable, trade would be liberalized in practice significantly less than was expected.³⁴⁸ Patrick Messerlin was even more cynical. In his view,

...the Uruguay negotiators (as most trade observers) were perfectly aware that the URAA-based liberalization would be minor. They were the first to witness, during the last months of the Uruguay negotiations, WTO members deliberately overestimating the level of farm protection for the reference period (1986-88) in order to end up with an almost unchanged level of protection at the end (2001) of the transition period of the URAA... They used massively specific tariffs (for instance, one third of the EC and U.S. farm tariffs are specific or have a specific component) which are much less transparent than ad valorem tariffs, and which have an increasing protectionist impact when world prices decline (a frequent situation since 1977).³⁴⁹ When possible, they kept using old mechanisms (such as variable levies) within the limits of the new Uruguay tariff regime. They subjected tariff-quotas (introduced by the Uruguay negotiators in order to ensure a minimum opening of farm markets) to opaque legal procedures which have systematically kept quota fill rates at a low level. They played with the concept of “unused” subsidies, and with forward mechanisms for loosening, as much as possible, disciplines on export subsidies, etc.³⁵⁰

Ingco and Messerlin were certainly prescient in their observations. Due to widespread utilization of “dirty” tariffication mechanisms to undermine the transparency afforded by the AoA and the impact of entrenched subsidization, agricultural trade remains as

³⁴⁸ Merlinda D. Ingco. *Agricultural Trade Liberalization in the Uruguay Round: One Step Forward, One Step Back* (Washington, D.C.: World Bank, August 1995).

³⁴⁹ Ad valorem tariffs are based on a percentage of price while specific tariffs are based on dollars per ton. See *WTO Agriculture Negotiations: The Issues, and Where We are Now* (Geneva: World Trade Organization, 2002).

³⁵⁰ Patrick A. Messerlin. *Agriculture in the Doha Agenda* (Washington, D.C.: World Bank, April 2003). Messerlin’s research targets the OECD countries “because they are the main trouble-makers...” Discussion of the base period of 1986-88 as the reference point for the binding of tariffs is significant because border protection was at a high point at that time. The acronym URAA signifies the Uruguay Round Agreement on Agriculture, or AoA.

restricted today as it was during the Uruguay Round. For many countries, bound tariffs are higher than applied tariffs, which paves the way for even greater trade restriction.³⁵¹

WTO members, realizing the downward spiral in agricultural protectionism that occurred in the post-Uruguay period, are moving in the Doha Round to arrest the deterioration.

The Doha Round commenced in November 2001 at the WTO's fourth ministerial conference held in Doha, Qatar.³⁵² With the 9-11 terrorist attack on the United States rallying global harmony and setting a tone of international cooperation, Members resolved to avoid the pitfalls that had bedeviled the Seattle Ministerial and forestalled the launch of a new round of multilateral trade negotiations. The following statement from the International Federation of Agricultural Producers underscored this cooperation:

Our ambitions for the Doha Round are simple. These are: 1) to ensure that farmers everywhere are able to achieve a reasonable standard of living for the work that they do, in both exporting and importing countries; 2) to develop WTO trade rules that accommodate the diverse situations of agriculture in different countries, and the diverse aspirations of the people of those countries; and, 3) to rectify the serious imbalances in the agricultural trading system against farmers in the developing countries.³⁵³

In a momentous show of solidarity, WTO members launched the new round at the end of the Ministerial, agreeing to continue the WTO reform process.³⁵⁴ With regards to

agriculture, Members recognized the work already accomplished under Article 20 of the

³⁵¹ According to the World Trade Organization, “[e]vidence suggests that the level of tariffs applied by developing countries is often far below the level of their bindings.” See *Market Access: Unfinished Business—Post-Uruguay Round Inventory and Issues*, Special Studies 6 (Geneva: World Trade Organization).

³⁵² Like the Seattle Ministerial preceding it, the Doha Ministerial was marked by controversy. Located in the Middle East, Qatar was reportedly chosen for its virtually impenetrable location and its alleged intolerance of civil disobedience and unrest of the sort that tends to accompany meetings of international trade and financial organizations. However, unlike the Seattle Ministerial, the Doha Ministerial achieved coherence in negotiations and launched a new round with a ministerial declaration containing defined proposals to be implemented over the course of the round.

³⁵³ Jack Wilkinson, president of the International Federation of Agricultural Producers, in a December 2002 open letter to Stuart Harbinson, chairman of the Special Session of the WTO Committee on Agriculture.

³⁵⁴ The Doha Round of negotiations is scheduled to conclude on January 1, 2005.

AoA (*Continuation of the Reform Process*) and committed in the Doha Mandate to further reforms.³⁵⁵

The Doha Ministerial Declaration prioritizes special and differential treatment (S&D) for developing countries throughout, highlighting the need to help developing countries overcome their unique challenges and enhance food security and rural development—two key prerequisites for development and reduced dependence on external assistance. The Enabling Clause, adopted under the GATT in 1979 (during the Tokyo Round) defines the parameters of special and differential treatment. S&D provides the WTO-legal framework for the treatment of developing countries in the negotiations and is the basis for the Generalized System of Preferences (GSP). The Doha Round has been dubbed the “Development Round” due in large part to the realization among both developed and developing countries that trade liberalization has not adequately met the special needs of developing countries. Speaking to the plight of small island economies in adjusting to the dislocative effects of trade liberalization, Jamaica’s Minister of Foreign Affairs and Foreign Trade Seymour Mullings advised delegates at the Seattle Ministerial of the imperative to incorporate a development dimension into the WTO:

...small economies have special needs which constrain their full and effective integration into the multilateral trading system...the impact of multilateral trade rules on small economies is, in a fundamental sense, disproportionate because of the very high trade to GDP ratio, characteristic of many small developing countries...Structural features such as a high degree of economic specialization, income volatility, the absence of economies of scale and limited institutional capacity are some elements which must be addressed.³⁵⁶

³⁵⁵ See *WTO Agriculture Negotiations: The Issues, and Where We are Now* (October 2002, 13). http://www.wto.org/english/tratop_e/agric_e/agnegs_bkgrnd_e.pdf.

³⁵⁶ World Trade Organization. Statement to the Seattle Ministerial Third Session, 2 December 1999, WT/MIN(99)/ST/90, (99-51314).

Further exacerbating these adjustment effects, products of export interest to developing countries—agricultural goods significant among these—continue to face high tariff peaks, tariff escalation, and non-tariff barriers in key advanced country markets. Moreover, developing countries are now facing the likely termination—in the name of “free” trade—of the commodity arrangements under which some of their major exports are granted preferential market access into advanced country markets. Most developing countries still lack the resources and technical expertise necessary for competing in a “free” trade regime devoid of preferential trade access for developing country exports yet replete with developed country subsidization, use of special safeguards to restrict competing imports, and continued imposition of high tariffs—which, thinking pragmatically in light of the historical record, developed countries like the US, EU, and Japan are not likely to abandon prior to the scheduled 2005 end of the Doha Round or anytime in the near future. Not surprisingly, given its sensitivity, the development dimension of the Doha Round—like agriculture, another intractable and closely related issue—is being held hostage by negotiating conflicts. Developing countries are standing their ground and insisting that developed WTO countries recognize their unique needs, eradicate policies that restrict developing country trade, and extend the assistance necessary to help them surmount the trade-related constraints on development to which they are subject. Despite their allowances for meeting developing country needs, existing special and differential provisions have received much criticism. Critics say the concession of allowing developing countries longer phase-in periods and reduced commitments completely misses the point of what developing countries need and is not

enough sufficient for moderating the dislocative effects of liberalization. In general, the special and differential provisions are overly optimistic in their expectations of developing countries and not sufficiently so in requirements for developed countries vis-à-vis poorer countries. Allowing developing countries four extra years to implement the AoA is nonsensical in light of the gross disparities in resources and capacity that exist between developed and developing countries.

The Doha Ministerial, although conclusive in its negotiations, provoked the same criticisms that doomed the Seattle Ministerial and resulted in its disastrous and inconclusive end. Groups from across the policy spectrum, and across the globe, united to censure the Doha Ministerial, claiming that it had done nothing to remove the taint of unequal power or rectify the lack of a level playing field within the WTO.³⁵⁷ Oxfam International published a particularly piercing critique of the WTO's power structure:

Behind the façade of a 'membership-driven' organisation is a governance system based on a dictatorship of wealth. Rich countries have a disproportionate influence. This is partly because of a failure of representational democracy. Each WTO country may have one vote, but eleven of its members among the least-developed countries are not even represented at the WTO base in Geneva. Informal power-relations reinforce inequalities in negotiating capacity at the WTO.³⁵⁸

Oxfam and other like-minded groups say the Doha Ministerial Declaration perpetuates the WTO's tendency to privilege industrialized countries at the expense of developing countries, giving them control over the direction of world trade policy and exacerbating the WTO's unequal rules of trade. WTO supporters dispute this argument by invoking

³⁵⁷ Groups criticizing the Doha Ministerial hailed from camps representing labor, environment, development, poverty, Third World food security, and other interests they claim are underrepresented in and/or undervalued by the WTO. Included in an almost inexhaustible list of such groups are Oxfam International, AFL-CIO, Third World Network, Public Citizen, and World Wildlife Fund.

³⁵⁸ Oxfam International 2002, Summary pg. 15.

the organization's one country-one vote rule and decisionmaking by consensus. In other words, they claim that the developing countries, by virtue of their sheer numbers, wield the power in the WTO. However, the developed countries do not form a cohesive negotiating bloc due largely to their disparate histories and cultures. In addition, because they are so dependent on the preferential market access to developed country markets, they are often susceptible to their patrons' request (demand?) that they cooperate on negotiating modalities of interest to the more industrialized members of the WTO. The deficits of WTO power politics notwithstanding, Members have pledged in the Doha "development" Round to enhance the trade opportunities of poor countries by allowing them expanded market access whereby to sell the products they produce competitively, particularly agricultural goods, and extending them increased technical assistance for generating additional trade capacity and competitiveness. This action was lauded across the globe as both the logical and humane thing to do—logical per the theory of free trade and humane in the interest of improving the socio-economic condition of large segments of the world's people. To improve trade relations for developing countries, developed countries must do more than simply treat poor countries as "special and differential," i.e., via the implementation of preferential trade agreements. A Washington Times contributor editorialized that "[a]t the very least, EU nations could demonstrate a good-faith effort by adopting the agricultural reforms proposed by their own farm commissioner, Franz Fischler. Mr. Fischler hasn't asked Europe to reduce overall subsidies, only that subsidies be tied to environmental and animal-welfare standards rather than supply.³⁵⁹ If Europe were to adopt Mr. Fischler's proposal, the global supply

³⁵⁹ Mr. Fischler's January 2003 proposal for reforming the CAP was opposed by several EU countries, namely France, Spain, Italy, Portugal, Greece, and Belgium. These countries do not want to decouple CAP

of farm products would be expected to drop, and poor nations would have a greater ability to export their products... The United States could accompany any progress in Europe with a reduction of U.S. farm subsidies. [However] although the Bush administration has outlined an ambitious plan for global agricultural reform, last year it approved a 10-year, \$100-billion-plus farm bill.”³⁶⁰ Moreover, the USTR faces strong pressure from Congress to procure international trade legislation that benefits US farmers. For example, Chuck Grassley (R-Iowa), a powerful senator from America’s farm belt, recently announced that Congress expects USTR Robert Zoellick to negotiate a reformulated Agreement on Agriculture that would “result in a good deal for America’s farmers, ranchers and agricultural producers.”³⁶¹ Senator Grassley’s comment illustrates the US policymaker’s preoccupation with maintaining a strong position for US farm interests in agricultural trade, even if it comes at a price for poorer, weaker countries.

The US and EU face significant pressure from developing country trading partners and global civil society to eradicate farm subsidies. The EU, in particular, is “between a rock and a hard place” with regards to reforming its Common Agricultural Policy (CAP) and eliminating its notoriously high export subsidies for agriculture, which depress global food prices and impoverish farmers in the developing world. The EU has supported its farm sector historically, particularly its small farmer, for both economic and cultural reasons. Europeans have always placed a premium on food security and the intrinsic value of the family farm to Europe’s social fabric. “Like the U.S. farm bill, the EU subsidies violate the principles of free trade and comparative advantage, but do so for

support from production requirements.

³⁶⁰ See A Bitter Harvest,”*Washington Times* editorial, 4 March 2003.

³⁶¹ See *Bridges Weekly Trade News Digest*, Vol. 7, number 8, 5 March 2003.

a higher cause: social stability.”³⁶² It is indeed difficult to imagine France, Germany, or Switzerland without their luxuriant fields, rolling green hills, and abundant family farms. However, using farm subsidies to sustain this countryside, and Europe’s cultural history, has wrought too high a price: an interminable volatility in international commodity markets due to artificially depressed prices, the impoverishment of a majority of the world’s farmers, the destruction of rural livelihoods in many Third World countries, and a dependence by these countries on external food aid and imports to meet the requisites of food security, human well being, and national development.

The US-Mexican experience provides an instructive illustration of the harmful impact of US farm subsidies on its developing country trading partners.³⁶³ Under the NAFTA, signed with Canada and Mexico, the US agreed to reduce agricultural tariffs but has not altered its subsidization practices. Per NAFTA, the Mexican government eliminated all import tariffs on US agricultural imports in January 2003. As a result, Mexico’s farmers, most of whom receive little to no government assistance, are now competing with the tariff-free entry into Mexico of heavily subsidized US farm goods. Two months into the new year, the impact on Mexico’s rural countryside had already been detrimental. Moreover, Mexico’s transition to “free” trade with US agricultural interests mirrored what has been happening around the world in countries that were forced to drastically reduce or eliminate their import tariffs only to face entrenched government subsidization by and high tariff peaks in key rich country export markets. A

³⁶² James O. Goldsborough, Farm problems expose weak link of NAFTA, *San Diego Union-Tribune*, 4 January 2003.

³⁶³ “If one takes the Mexico of 1986-88 as a proxy for the average developing country of the early 2000s, the share of total support in farm value-added of a typical developing country would be eight times smaller than the current average OECD share (8.5 percent vs. 61.9 percent)...” See Patrick A. Messerlin, *Agriculture in the Doha Agenda* (Washington, D.C.: World Bank, April 2003), 3.

New York Times article elucidated the problem of developed country subsidization for poor country agricultural exporters:

The problems of rural Mexicans are echoed around the world as countries lower their import barriers, required by free trade treaties and the rules of the World Trade Organization. When markets are open, agricultural products flood in from wealthy nations, which subsidize agriculture and allow agribusiness to export crops cheaply. European farmers get 35 percent of their income in government subsidies, American farmers 20 percent. American subsidies are at record levels...It seems paradoxical to argue that cheap food hurts poor people. But three-quarters of the world's poor are rural. When subsidized imports undercut their products, they starve. Agricultural subsidies, which rob developing countries of the ability to export crops, have become the most important dispute at the W.T.O. Wealthy countries do far more to harm poor nations with these subsidies than they do good with foreign aid.³⁶⁴

Since the Doha Ministerial of November 2001, negotiations for further liberalization of agricultural trade have not proven any less intense or intractable than they were during the Uruguay Round. In fact, the negotiations seem to be deteriorating rather than improving. Some countries have not only reneged on implementing the Uruguay Round-mandated reduction commitments, they are reluctant to take on additional liberalization.

WTO members have met since the Doha Ministerial in several mini-ministerials, as well as the Cancun Ministerial, to discuss agriculture (and other contentious issues) and resolve the impasses.³⁶⁵ However, they continue to debate the issue without

³⁶⁴ See Tina Rosenberg, Why Mexico's Small Corn Farmers Go Hungry, *New York Times*, 3 March 2003.

³⁶⁵ Other contentious issues include further liberalization of services under GATS; the interpretation of special and differential (S&D) treatment for developing countries; and the right of poor countries ravaged by health pandemics to breach intellectual property rights guaranteed under TRIPS and produce generics of patent-protected drugs. The TRIPS debate, in particular, has taken on a moral imperative for civil society. At the center of the debate is the right of countries lacking the capacity to produce generics to contract with other countries to produce the drugs for import. Despite tremendous opposition from the United States, home country to many multinational pharmaceutical firms, the Doha Ministerial granted poor countries to right to produce generics of patent-protected drugs for "approved" pandemics, namely HIV, tuberculosis, and malaria. However, the Ministerial did not authorize second-party countries to produce such generics for export to poor countries lacking the requisite technical capacity to produce the drugs for themselves.

achieving much progress. A continued impasse in Doha Round agricultural negotiations will have significant implications for developing countries like Jamaica, certainly if developed countries treat the impasse as license to continue subsidizing their agricultural sectors and restricting market access for developing country exports. WTO members, rich and poor alike, blame the EU for the stalemate in agriculture. WTO members, rich and poor alike, blame the EU for the stalemate on agriculture. To be sure, “a reduction in agricultural subsidies and price supports, perhaps the most important goal of the current trade negotiating round, has long been stopped in its tracks by Europe’s inability to reform its own agricultural subsidy regime. As a result, it now looks as if crucial negotiating deadlines...will not be met. Without a doubt, the primary victims of Europe’s intransigence are the world’s poorest countries, whose economies would benefit far more from freer markets for their commodities than they would from new injections of aid money. Indeed, until trade barriers are lifted, any conversation about ‘helping the developing world’ will always have a farcical ring.”³⁶⁶ As discussed in previous sections of this paper, the EU is not the only country to blame; other countries, particularly the US and Japan, have steadfastly refused to dismantle their support programs and reduce tariff barriers to products of export interest to developing countries. “The full potential of trade to reduce poverty cannot be realized unless poor countries have access to markets in rich countries. Unfortunately, Northern governments reserve their most restrictive trade barriers for the world’s poorest people.”³⁶⁷ Indeed, as WTO director-general Supachai

Brazil and India, the two developing countries which possess this technical capacity, are the leading proponents of extending the authorization to second-party countries. Another contentious issue in the TRIPS debate is the extension of the list of “approved” pandemics to other health problems for the purposes of producing additional “approved” generics.

³⁶⁶ United by Free Trade, *Washington Post*, 24 March 2003, A12.

³⁶⁷ Oxfam International 2002, Summary pg. 8.

Panitchpakdi has noted, “the crucial importance of a substantial liberalizing result in agriculture is emphasized by participants at all levels of development...It is also a fact that issues of particular concern to developing countries have been prominent among those where [Doha Round] deadlines have so far been missed...We must, therefore, make progress across a range of issues, from special and differential treatment to LDC accessions, while also making the most of the development potential contained in the market access negotiations.”³⁶⁸

Given their strength in numbers at the WTO and the fact that developed countries need access to developing countries markets in order to expand, developing countries will exert a great deal of influence over the course of the Doha Round. The rise of the G-20 in Cancun, and their continued influence in the WTO, illustrates the rising strength of developing countries at the WTO. However, developing countries, Jamaica included, must harness this strength effectively to propel meaningful change at all levels of trade—multilateral, regional, and bilateral. Since the world’s advanced countries swear by the liberal logic of development, developing countries must hold them to backing the theory up with action. Petit and Subramanian encapsulated the paradox of the neoliberal theory, explaining why it is not spurring the type of broad-based development in developing agricultural economies which Smith, Ricardo, Marshall, Rostow, Balassa, and others of their ilk envisaged:

Generally speaking, policy reforms favor economic growth, and as a result they favor the growth of international trade...For this potential impact on trade to occur, however, developing countries must be able to increase their exports of agricultural products, tropical or not, and of manufactured products. It is therefore paradoxical that one of the main obstacles to the potential benefit of policy reform in developing countries is found within

³⁶⁸ Comment made in 30 April 2003 speech to OECD ministers urging greater compromise in the Doha Development Agenda negotiations.

the developed countries themselves, in the form of protectionist policies that hamper the growth of imports from developing countries.³⁶⁹

Clearly the neoliberal model of trade and development as manifested in the current international trade regime is not working for developing countries like Jamaica. By discriminating against poor country agriculture, neoliberal trade has fostered dependency and underdevelopment—what Cardoso termed “associated dependent development”—in lieu of broad-based growth and development. As Cardoso explained, capitalist development in Jamaica and other “peripheral” countries occurs only to the extent that the industrialized “center” permits. Therefore, the rigged rules and double standards that govern trade in agricultural and other goods must be corrected if poor countries like Jamaica are to utilize their comparative and competitive advantages in trade to achieve genuine growth and development.

³⁶⁹ Petit and Subramanian 1993, 78.

Chapter 4

Agriculture in the Jamaican Political Economy

Small states are like indecently dressed women. They tempt the evil-minded.
Julius L. Nyerere, April 1964

To be poor and independent is very nearly an impossibility.
William Cobbett, *Advice to Young Men*, 1829

For in the last analysis, dependence is a state of mind. A too-long history of colonialism seems to have crippled Caribbean self-confidence and Caribbean self-reliance, and a vicious cycle has been set up; psychological dependence leads to an ever-growing economic and cultural dependence on the outside world. Fragmentation is intensified in the process. And the greater degree of dependence and fragmentation further reduces local self-confidence.

Eric Williams, *From Columbus to Castro: The History of the Caribbean* (1970, 502)

Overview

“Competitiveness is critical to trade, and successful trade is the path to economic growth and poverty reduction.”³⁷⁰ This premise permeates the preceding chapter on agriculture in the world trade regime, and rightly so because it is a basic economic theorem that to be competitive in global commerce, countries must build their productive and trade capacities and boost competitiveness. Building competitiveness entails leveraging national human and natural resource endowments to expand production and maximize productivity. According to neoliberal economic development theory, the logical place from which to catapult national production, productivity, and competitiveness is the economic sector that is rooted in productive activity and in which the country has a natural comparative advantage that is easily convertible from

³⁷⁰ Comment made by Marcelo Giugale, World Bank Regional Director for Peru, Ecuador, Bolivia and Venezuela in a 5 June 2003 press release announcing the Bank’s approval of a \$20 million project to support trade and competitiveness in Peru. The release also quoted John H. Stein, World Bank Task Manager for the project, as saying the Bank “is proud to work in partnership with Peruvian authorities to use the country’s rich endowment of natural and human resources to develop diversified trade which, in turn, will serve as protection from external shocks.”

comparative to competitive advantage via the utilization of innovation and technology to diversify and expand production for both the domestic and export markets. Agriculture is that sector for Jamaica. With its favorable climate, abundant rainfall, rich soil, profuse flora and fauna, and a large supply of unemployed and underemployed people, Jamaica possesses both the natural and human resource potential for becoming an agricultural powerhouse. Indeed, the fact that it is not so is surprising and disheartening and raises the question of why. According to a recent World Bank report on Jamaica, Jamaica's competitiveness declined in the 1990s.³⁷¹ This decline manifested in reduced market share, total factor productivity, and appreciation of the real exchange rate which hurt tradable goods production. However, the Bank is optimistic about Jamaica's future. "Although Jamaica faces some significant challenges in its effort to spur growth and create employment opportunities, the country's assets, including its labor force and strong social and governance indicators, help to position the country well for a future economic rebound."³⁷²

Jamaica is a small open economy that has been actively engaged in world trade since Columbus "discovered" the island during the European age of exploration and conquest. Agriculture is one of Jamaica's largest employers of labor, employing 25 percent of the population.³⁷³ Because agriculture is still very much a part of Jamaica's cultural fabric, many Jamaicans with careers outside agriculture farm "on the side" for either supplemental income or recreation. Their earnings from these enterprises are not insignificant. Indeed, one small farmer commented in an informal conversation about his

³⁷¹ *Jamaica: The Road to Sustained Growth* (Washington, D.C.: World Bank, January 2004).

³⁷² *Ibid.*

³⁷³ See the Caribbean Regional Human Resource Development Program for Economic Competitiveness' analysis of Jamaica's agriculture and agro-processing sectors at <http://www.cpechrd.org/jamagri.htm>.

financial health that the money he earns from selling his farm goods nicely supplements his meager monthly pension of Ja\$6000, approximately US\$105.³⁷⁴ Unfortunately for this gentleman and his fellow farmers, Jamaica's agriculture is under siege. The country's agricultural production, productivity, and competitiveness are eroding due to both internal negligence and external challenges. After four decades of independence, Jamaica remains a primary commodity producer that is highly dependent on its metropolitan trading partners for much of its basic subsistence needs, including financing, consumer goods, knowledge, services, and, despite its apparent comparative advantage in agriculture, even food, both raw and processed. Jamaica's production orientation, external dependence, and vulnerability in the world trading regime have had severe consequences for the country's development. This research utilizes an agriculture sectoral framework to assess the reasons for Jamaica's underdevelopment and a deductive methodology to hypothesize possible explanations for that underdevelopment.

As George Beckford and Kari Levitt have argued, the character of the plantation economy endemic in Jamaica and its relation with the external world and with the domestic economy "provides the single most essential insight into the mechanisms of Caribbean economy."³⁷⁵ Beckford explained that the plantation economy introduced into Jamaica by its colonizers and neocolonizers consigned Jamaica to the fate of producer and supplier of raw materials with the sole purpose of meeting the food needs of rich metropolitan countries and supplying them with the industrial inputs they required for

³⁷⁴ From the researcher's personal interview transcript. The going exchange rate at the time of this conversation, July 2003, was Ja\$57:US\$1. In previous years, the exchange rate in Jamaican dollars per US dollar was: 48.42 (2002), 46 (2001), 42.7 (2000), 39.04 (1999), 36.55 (1998). See the CIA's *World Factbook* at <http://www.cia.gov/cia/publications/factbook/geos/jm.html>. The wildly fluctuating exchange rate and constant currency depreciation illustrate Jamaica's precarious economic condition.

³⁷⁵ Levitt and Beckford in Beckford 1975, 38.

attaining the ever greater levels of production, innovation, and development to which they aspired.³⁷⁶ Plantation economy, common in Third World countries, particularly those with a history of European colonialism, prioritizes primary commodity production for export to metropolitan countries and import of manufactured goods from these same countries. During the period of European conquest and colonization of the Americas, metropolitan powers operating in the mercantilist tradition built up a significant European presence in their acquired territories by dispatching groups of colonists to work the land and develop commercial enterprises for the benefit of the mother countries. Although the metropolitan countries did not attach importance to trade amongst themselves, they saw value to trade between each mother country and her colonies. Herein, lies the genesis of mercantilist capitalism and plantation economics. The Europeans recognized the win-win potential in colonization; the mother country would invest resources into her colony to fuel development therein and the colony, in turn, would provide commodities not easily produced or readily available in her mother country, and all involved would profit in the process. George Beckford and Michael Witter explained how colonialism predisposed Jamaica to plantation economy:

Through colonialism, the emerging capitalist powers of Europe, imposed a peculiar international division of labor in which the people and natural resources of the colony were exploited for the benefit of their ruling capitalist classes. But the intermetropolitan rivalry superimposed a division of the colonial world into the respective empires, later called 'spheres of influence.' Thus, there were Spanish, Portuguese, Dutch, English and French colonialism through to the 19th century. Late in the 19th century there was to be American, Japanese, Italian, Belgian and German colonialism as well. This process of subjection and exploitation – colonialism – has left historical scars on almost every Third World

³⁷⁶ Beckford was prolific on the subjects of underdevelopment, dependency, and plantation economy in Jamaica and the Third World. See in particular *Persistent Poverty: Underdevelopment in Plantation Economies of the Third World* (1972).

country by way of political, economic, and cultural ties with the ‘mother country.’³⁷⁷

In Jamaica, Spanish settlers began arriving in the early sixteenth century. They specialized in animal husbandry and mining, using the native Indians as their primary labor source, and introduced two things—sugarcane and slaves—that would forever shape Jamaica’s destiny in the global capitalist economy as a dependent agricultural entity wherein primary commodity production, lack of industrial innovation, racial/class polarization, and abundant cheap labor predominate. To be sure, “Jamaica’s historical pattern was established at the very beginning of its historical life. Originally a tool of the Spanish empire and eventually of the British, it became an exploited land, useful only for the wealth that was culled from its soil. This wealth went into the making of foreign fortunes; little was returned for the benefit of Jamaica.”³⁷⁸

Over thirty years ago, anthropologist Adam Kuper characterized Jamaica’s structural economic orientation in a way that is still very relevant today. “From a plantation-dominated agrarian society Jamaica has become an industrializing society, one-third urban, and has swung from the traditional mercantilist dependence on Britain to a more contemporary and sophisticated (if no less one-sided) involvement with North American capital and markets.”³⁷⁹ Jamaica’s overall dependence on and vulnerability to external actors and forces stems from its historical position and evolution as a primary commodity export-led plantation economy that was established by a dominant foreign power and, although independent, is still subject to the decisions and actions of dominant

³⁷⁷ Beckford and Witter 1982, 27.

³⁷⁸ Hurwitz and Hurwitz 1971, 4.

³⁷⁹ Kuper 1976, 3.

foreign powers acting from within and without. Indeed, Jamaica's plantation economy is shaped by the conditions under which it was established:

- Human resource endowment is limited by the specialization of its labor force in plantation work;
- The plantations allot a limited amount of land to the peasant sector because they need to keep land in reserve and ensure access to wage labor to preserve the plantation export economy;
- The economy is dependent on wage not property income hence entrepreneurship and property ownership is limited, which limits the national surplus and investment opportunities;
- The structure of demand favors imported, not locally-produced goods; and
- The instruments of the state are oriented toward the provision of law and order, not the promotion of economic transformation.³⁸⁰

“The overall effect is that the national propertied class is born in circumstances which restrict its capacity for innovation and self-assertion, and stunt its growth. The national economy emerges with a bias towards the production of output requiring traditional plantation skills and serving traditional markets... Thus, contrary to the theories of development economies, the plantation hinterland does not evolve from subsistence production to small-scale, wage employing business serving a national market and from there to large-scale corporate enterprise.”³⁸¹ Instead, the post-colonial national economy is created in the image of the plantation export economy, shaped by metropolitan interests. As such, Jamaica was destined to be what it has become, a developing country that was founded by conquest, shaped by metropolitan countries as a raw material supplier to more advanced countries, and relegated to this inferior position by virtue of its seemingly intractable external dependence exacerbated by its lack of development and resources for improving its position as well as a counterproductive

³⁸⁰ Levitt and Beckford in Beckford 1975, 45.

³⁸¹ Ibid.

enabling environment. Indeed, “Jamaica’s international relations, particularly the economic relations with Britain, have always exerted tremendous influence on the internal affairs and the development of the society. In fact, ever since the Spanish invasion and conquest, Jamaica was inserted firmly in the emerging world economy and henceforth was to be buffeted by powerful social and economic forces emanating from the big capitalist countries.”³⁸²

As Pablo González Casanova elucidated, a dominion’s colonial structure and metropolitan influence do not magically disappear after a colony is granted formal independence.³⁸³ On the contrary, the experience of colonization is typically too ingrained and intractable to be easily obliterated. Consequently, formerly colonized territories are highly susceptible to neo-colonial control by former metropolitan powers and other dominant countries. In keeping with Theotonio dos Santos’ definition of dependency, Jamaica’s economy was defined and shaped by a series of external entities which, throughout Jamaica’s history, forged a relationship of interdependence between their economies and Jamaica’s in which their economies expanded and became self-sustaining while Jamaica’s chances at expansion and self-sufficiency were possible only as a reflection of their expansion.³⁸⁴ Thus, the inequities presented by the world trading regime have acted from without to retard Jamaica’s development from within. In this regard, “Jamaica is a useful model in any enquiry about the relationship between Third World economic development and the international economic environment. Here is a significant example of how structural dependence, as Dos Santos’ ‘reflection’ is

³⁸² Beckford and Witter 1982, 39.

³⁸³ Casanova in Horowitz et al., *Radicalism in Latin America: A Documentary Report on Left and Nationalist Movements* (New York: Random House, 1969), 130.

³⁸⁴ Chilcote 1984, 60.

reinforced by centuries of history, culture, and agreement. Consequently, the Jamaican economy is, at best, an extension of Western capitalism.”³⁸⁵ This relationship of structural dependence rooted in plantation economy continues today with the ignoble difference that Jamaica is now a captive market for an expanded field of metropolitan exporting countries, the European Union and United States primary among them.³⁸⁶

Consistent with Fernando Henrique Cardoso’s thesis of associated dependent development, Jamaica is relegated to a level of development that is associated with and dependent on the development attained by its metropolitan trading partners and the extent to which they desire to spread the wealth.³⁸⁷ Jamaica’s underdevelopment has manifested since independence as increasingly lower levels of production, productivity, and competitiveness vis-à-vis the levels the country recorded in the decade after independence and in comparison to other countries. During the 1960s, Jamaica recorded an average annual growth of six percent, growth that was fueled by foreign investment into bauxite mining, tourism, manufacturing, and agriculture per William Arthur Lewis’ strategy of industrialization-by-invitation.³⁸⁸ The Jamaican government at this time was also investing heavily into import substitution industrialization (ISI) which allowed the

³⁸⁵ Manley 1987, 81-82.

³⁸⁶ Structural dependence, plantation economy, colonialism, neocolonialism, and underdevelopment are virtually synonymous in this scenario.

³⁸⁷ For detailed discussion of associated dependent development see Cardoso (1972 and 1973) and Cardoso and Faletto (1979).

³⁸⁸ See William A. Lewis, “The Industrialization of the British West Indies” in *Social and Economic Studies* (Manchester University, 1950). In industrialization-by invitation, the government offered incentives such as tax breaks to foreign corporate entities willing to set up operations in Jamaica. However, Lewis probably did not intend for host country governments to give the foreign firms carte blanche, allowing them to exploit local resources and repatriate virtually all profits to their home countries, leaving negligible development on the ground. This phenomenon has occurred in developing countries worldwide creating an outcry in civil society for labor protections in free trade agreements and engendering the corporate social responsibility (CSR) movement to encourage corporate investment into sustainable economic development in host countries. For more on CSR, see the World Bank at <http://www.worldbank.org/privatesector/csr/>, the European Union at <http://europa.eu.int/comm/enterprise/csr/>, and the International Institute for Sustainable Development (IISD) at <http://www.iisd.org/standards/csr.asp>.

country to harness its productive capacity in agriculture, build its manufacturing capacity by transforming primary goods in value-added processed food products, and therefore save valuable foreign exchange that it would have otherwise spent on imported food. During the 1990s, Jamaica's growth shrank to an average annual rate of near zero percent.³⁸⁹ This research hypothesizes that Jamaica's agricultural development is constrained by both externally-driven and internally-motivated factors that evolve from its longstanding position in the world trading regime as a plantation economy and its indoctrinated self-perception as such. However, external challenges are even more devastating than internal negligence in that they overwhelm any product the country manages to produce in spite of its ignorance and/or negligence. Consequently, this research argues that if Jamaica eradicates the internally-motivated constraints on agricultural development, but current externally-driven constraints remain unabated, domestic agriculture will be as marginalized in the world trading regime as if locally-driven constraints remained constant. While Jamaica must act expeditiously to remedy internally-motivated constraints on national development, the onus is also on developed countries and international organizations such as the World Trade Organization, World Bank, and IMF—all controlled by developed countries—to eradicate the externally-

³⁸⁹ The United Nations Development Programme (UNDP) and The United Nations Conference on Trade and Development (UNCTAD) acknowledge that Jamaica “struggled to achieve economic growth with real growth rates averaging a comparatively poor 0.1% throughout” the 1990s. “Fiscal deficit and a huge debt burden have kept real interest rates high, restricting domestic investment and dampening the island's entrepreneurial energy. Meanwhile, the exchange rate has tended to appreciate, encouraging imports and discouraging exports.” See <http://www.unctad-undp.org/cas/jamaica.htm>. However, according to a recent World Bank study, Jamaica's GDP growth during the period is widely underestimated. The study claims that real GDP growth from 1990 to 2000 averaged almost one to three per cent per year. See *Jamaica: The Road to Sustained Growth* (Washington, D.C.: World Bank, January 2004). Regardless of which organization one decides to believe, the country's growth rate has declined tremendously since independence despite implementation of neoliberal economic policies that promised sustained growth and development.

driven constraints that marginalize poor natural resource economies like Jamaica in the world trading regime by denuding their comparative advantage in agriculture.³⁹⁰

Jamaica as Plantation Economy

Jamaica's agriculture sector is characteristic of other tropical developing countries. Agriculture, along with bauxite and tourism, is a leading contributor to Jamaica's economy; it provides significant foreign exchange earnings and employs a large percentage of the population. Because Jamaica is a developing Third World economy where many Jamaicans still earn their living from the land, agriculture is an even more integral part of the local economy than in the more advanced First World economies. Production output is dominated by the main export crops, namely sugar, bananas, citrus, cocoa, coffee, coconuts, and spices. Of these, the largest foreign exchange earners are sugar, bananas, citrus, pimento, cocoa, and coffee. Jamaica also produces a variety of domestic food crops, including yams, cassavas, a variety of vegetables, and numerous tree fruits. Jamaica's agriculture sector evolved out of and is steeped in the plantation economy. The structure of agriculture is dualistic with a large-scale estate system and a small-scale subsistence system.³⁹¹ The former produces the bulk of the export crops while the latter produces domestic food crops and some export crops. Applying the theory of plantation economy to the global economy and world trading regime, Jamaica is one large plantation created and supported by external forces

³⁹⁰ Voting shares in the IMF and World Bank are dictated by member countries' size and influence in the global economy. In *Challenges to the World Bank and IMF: Developing Country Perspectives* (Anthem Press, 2003), Ariel Buira and his co-authors contended that developed countries have not kept their promise made in the Monterrey Consensus to increase developing countries' voice in the Bretton Woods institutions.

³⁹¹ Singh 1995, 229.

for the purpose of serving metropolitan needs for raw materials and cheap labor. Within Jamaica itself, the plantation takes the form of the large-scale commercial estate, the agricultural sub-sector that is most externally oriented. With the exception of the government-controlled sugar estates, Jamaica's plantation system is dominated by wealthy, commercial elites who employ landless or land-poor farmers to work their estates, typically located on Jamaica's most fertile, arable land. In contrast, the small-scale system is dominated by Jamaica's ubiquitous resource-poor small farmers—many of them tied to the plantations in order to earn regular wages—working small, hilly plots of approximately one acre. Historically marginalized in the export economy, this sector is becoming increasingly important to Jamaica's agricultural future. Indeed, in light of the impending demise of preferences, the longstanding vehicle for export of Jamaica's traditional exports, and the eventuality of traditional exports facing open competition on world markets, experts increasingly acknowledge the unique niche goods produced in the small-scale sector as the wave of Jamaica's future.

Several scholars constructed theories of plantation economy pertaining to the Caribbean. Prominent among them are George Beckford, Lloyd Best, Norman Girvan, Owen Jefferson, Clive Thomas, and Havelock Brewster. As discussed in Chapter 2 of this paper, these scholars belong to the radical school of new political economy, a close cousin of the dependency school, which sees foreign investment into Third World economies as the tool that enables external actors to gain control of the local socioeconomy, subjugate domestic resources to foreign capital and control, and perpetuate the colonial structure of foreign domination. According to the radical school, foreign investment creates local dependence on the investor's continued investing,

stymies local innovation and self-reliance, and causes perpetual underdevelopment—a scenario that Cardoso labeled “associated dependent development.” To be sure, the plantation economy typical of Third World countries renders them particularly susceptible to an intrusion of foreign capital and control. From their beginning as colonial territories, they were cultivated by external actors as appendages of metropolitan economies. Countries like Jamaica served, and continue to serve, metropolitan entities as plantations, feeding them the raw materials, natural resources, and cheap labor they need to grow and develop. In the process, Jamaica experienced, and continues to experience, a development that is associated with and dependent on the development attained by its metropolitan country investors and stakeholders.

George Beckford’s theory of plantation economy is particularly relevant to the Jamaican context. Beckford, a Jamaican economist and academician, wrote several landmark texts on the evolution of underdevelopment, dependency, and plantation economy in developing countries generally and Jamaica particularly. His ideas are grounded in Lloyd Best’s work, particularly “Outlines of a Model of Pure Plantation Economy” published in 1968 in the *Journal of Social and Economic Studies*. In *Persistent Poverty: Underdevelopment in Plantation Economies of the Third World*, Beckford used the concept of plantation economy to address the agricultural dimension of underdevelopment and dependency in developing countries. Beckford analyzed the influence plantations had on human activity in countries where the plantation is the dominant economic and social institution and blamed the plantation influence for these countries’ pervasive underdevelopment.³⁹² As Beckford contended, the plantation

³⁹² Beckford 1983, xvi.

influence on underdevelopment is manifested from without and within; external relations alone do not cause persistent underdevelopment. Beckford assessed local economic, social, and political organization to identify the factors that impede development in plantation economies and societies. He argued that the institutional environment of Third World economy and society lends itself to the plantation influence, which facilitates continuous underdevelopment therein.³⁹³

Beckford asked—as does this research—why the plantation economies have been left behind in the global economy. “Why is it that after four hundred years of direct participation in the modern world economy the plantation economies of the world still find themselves underdeveloped countries with the bulk of their inhabitants living (rather, existing) in the most wretched conditions of poverty?”³⁹⁴ He hypothesized that there are factors intrinsic to the plantation system that impede development and he set out—as does this research—to uncover these forces, both internally-motivated and externally-driven. Beckford used agriculture as his framework for analysis because he believed patterns of agricultural organization are essential to the study of development and underdevelopment. Indeed, agriculture is typically the first primary economic activity from which countries evolve. Moreover, agriculture constitutes a large percentage of Third World economies and is still a leading employer of labor in these countries, Jamaica included. Beckford maintained that the metropolitan vertically-integrated multinational enterprise, known popularly as transnational corporations (TNCs) or multinational corporations (MNCs), institutionalized the primary commodity plantation economy throughout the Third World and stymied the development of value-added

³⁹³ Ibid.

³⁹⁴ Beckford 1983, xxi-xxii.

production therein. “The normal pattern is one with the main company head-quarters in a metropolitan country where product elaboration and distribution are carried out and where allied high-value production and service activities are located; plantation and some allied operations in the Third World countries; and other product elaboration and distribution in other metropolitan countries.”³⁹⁵ As Beckford illustrated, these enterprises have been in Jamaica and other developing countries for years, centuries even, and have long been the locus of metropolitan country policymaking vis-à-vis developing countries. Indeed, this was strikingly evident in the United States’ challenge to the European Union’s Lomé-ACP banana regime benefiting Europe’s former colonies in Africa, the Caribbean, and the Pacific (the ACP countries).³⁹⁶ Since no bananas are grown in the U.S., the only logical conclusion is that the U.S. mounted the case on behalf of its U.S.-domiciled fruit MNCs that produce bananas in Central and South America.

The plantation economy became the primary production system in Jamaica and other sugar-growing colonies of the British Caribbean for three reasons: firstly, planters could count on an unlimited supply of unskilled cheap labor with which to cultivate the cane; secondly, Caribbean sugar monopolized the British market for most of the early colonial period; and finally, planters could obtain all consumption and production goods cheaply from abroad.³⁹⁷ The foundation of the colonial plantocracy and the plantation economy was laid in Jamaica in 1662 when the first royalist governor, Lord Windsor, arrived with provisions for the colony’s settlement. “By a Royal Proclamation dated

³⁹⁵ Beckford 1983, 142.

³⁹⁶ For details about the case see the World Trade Organization at <http://www.wto.org/>, the European Union at http://europa.eu.int/comm/external_relations/news/07_00/memo_00_40.htm, and the United States Mission to the European Union at <http://www.useu.be/issues/bananadossier.html>.

³⁹⁷ Eisner 1974, 189.

Whitehall, 14 December 1661, it was decreed that for the following two years 30 acres of land would be granted to any male or female over 12 years of age who would guarantee to plant them. The land was to be held in free tenure for ever, subject only to the payment of a nominal quit rent, the surrender of all gold and silver to the Crown and the payment of a 20 per cent duty on all fisheries and other mines.”³⁹⁸ However, because it was not always feasible to award land grants of 30 uniformly productive acres, many early colonists soon tired of farming and sold their land allotment to better equipped planters. As Craton and Walvin note, consolidation was inevitable and planters possessing the most capital and best labor proved to be the most successful. The high mortality rate of the planters along with the large number lacking adequate capital to properly utilize their land fueled consolidation. The stage was now set for the entrenchment of a plantation economy; all that was needed was a suitable crop and adequate labor. Sugar cane would prove to be the answer to the former and slave labor to the latter.

Primary commodity export-oriented agriculture escalated rapidly in Jamaica, fuelling Britain’s industrial revolution and setting the stage for perpetual dependence in Jamaica and its other Caribbean territories. The British government’s primary concern was the development of Britain and only Britain; Jamaica and its other colonial territories—including what would eventually become the United States of America—existed only to serve the mother country by enhancing its national wealth, power, and prestige. The colonies were not to produce products that competed with anything already produced in the mother country. Indeed, the colonies were to specialize in only a few products, all primary commodities, in which the mother country had not yet developed a

³⁹⁸ Craton and Walvin 1970, 17.

competitive advantage in production and export. The seeds of Jamaica's economic dependency were thus sown by the early British plantocracy and the structures of production and trade they instituted. Michelle Harrison elaborated:

From the outset, colonial legislation was established to tax refined sugar heavily and thus strangle at birth an island refining industry - a policy that was pursued throughout the Caribbean and which has been to the permanent detriment of the region. As their economies were geared, for the indefinite future, towards export agriculture, the islands of the region were unable to harness for themselves that part of the production process with the greatest potential for 'value-added' linkages and indigenous economic growth. The subservient role of Jamaica, and the other islands of the region, was firmly reinforced as the international economy emerged.³⁹⁹

In true mercantilist fashion, Britain groomed Jamaica to supply unprocessed food not produced at home in Britain and other “exotic” primary commodities cheap and buy metropolitan manufactured exports as well as staple food items not produced locally at inflated prices. According to an official of the National Workers Union, “the British did not encourage value-added production because they wanted to ensure that they made maximum profit off the primary goods they imported cheap and converted into finished goods. This fostered Jamaica’s dependency on the colonizing power(s) for markets and finished goods.”⁴⁰⁰ This uneven system of trade between colonizer and colonized has endured for centuries and now characterizes Jamaica’s trade with all its developed country trading partners, particularly the U.S. and EU, which critics of the system have labeled contemporary neo-colonizers of the now politically independent, but still economically dependent, former colonial territory. Indeed, Jamaica seems to be stuck as a mercantilist dominion of the developed countries, unable to play catch-up with its

³⁹⁹ Harrison 2001, 100.

⁴⁰⁰ From the researcher’s personal interview transcript.

colonizers, which long ago moved through the stages of mercantile and industrial capitalism and are now ensconced in the stage of financial capitalism and its corollary, the knowledge based economy.⁴⁰¹ Judging from its slow progress, Jamaica simply has not grasped the basic premise of the mercantilist revisionists, namely Friedrich List and Alexander Hamilton, that in order to advance a developing country must cultivate a diversified economy and a strong manufacturing sector to increase its productive capacity and stimulate growth and development. Indeed, to foster sustained development, the country must move from primary agricultural production to manufacturing by utilizing and maximizing the nation's natural and human resource capacity. In Jamaica's case, it must somehow muster the political will and economic wherewithal to move into value-added production for both domestic consumption and export. In today's globalized knowledge-based economy entrenched in the neo-liberal capitalist ethos, a country must innovate and diversify in order to compete and, ideally, thrive.⁴⁰² To be sure, primary commodity production—although an important economic mainstay for Jamaica given its history and comparative advantage imbued in its favorable climate, profuse vegetation, and underutilized labor—must be accompanied by more advanced production that adds

⁴⁰¹ Daniel Bell forecasted the rise of a knowledge-based economy in *The Coming of a Post-Industrial Society* (1973). Bell's knowledge-based, post-industrial society has three components that are very much in evidence today: a shift from manufacturing to services; the centrality of the new science-based industries; and the rise of new technical elites as well as a new principle of stratification.

⁴⁰² A distinction is made here between liberal and neo-liberal capitalism. If liberal capitalism as characterized by the classical liberal economists were the actual ethos, Jamaica could thrive on primary production because countries would not hoard, nor would they protect their domestic industries. Moreover, capital would be immobile and there would be no such thing as financial capitalism, or even industrial capitalism. Hence, countries would trade based on comparative, not competitive, advantage. However, the actual ethos of the world trading regime is a perversion of the liberal capitalist ideal. This perversion, the neo-liberal ethos, rewards protectionist, uneven trade and thus privileges the rich at the expense of the poor. Hence, in order to survive, Jamaica and other developing countries must play the neo-liberal game, emulating what countries that espouse the neo-liberal ideology did to attain their politico-economic strength, i.e., utilize state interventionism in the face of underdevelopment and inability to compete to cultivate the requisite technological and manufacturing capacity for producing value-added goods and services to jumpstart productivity, competitiveness, and development.

value to a country's output and thus builds its human capital as well as increases its foreign exchange earnings, which, according to classical liberal economic theory, should be reinvested into local production to hasten the country's progress along the capitalist path of development.

With the introduction of the plantation economy in Jamaica, a plantocracy evolved with European landholders at the top of the socioeconomic structure, slaves at the bottom, and poor whites—i.e., whites who did not own land and/or slaves—in the middle. Given the planters and their employees' penchant for sexual relations with their slaves, a sizeable mulatto class soon developed. These persons, together with poor whites and immigrants from Asia and North Africa, would comprise the middle class after Emancipation. Investors—many of them absentee landowners who hired agents to run their estates for them—tended to purchase small land holdings and consolidate them into large plantation estates as soon as they acquired the requisite capital for amalgamation. Consequently, large-scale sugar farming quickly became the province of a small, wealthy elite—a structural characteristic that has continued throughout the centuries to the present day. However, as Eric Williams pointed out "...cane cultivation was one thing, the production of sugar, another. The one was a question of agriculture and largely one of labour, the other of industry, capital and technology. The former demanded chiefly the labourer, the latter required the capitalist and technician."⁴⁰³ Jamaica's early sugar producers, like those throughout the British Caribbean, produced the lowest product forms in the sugar production process, primarily cane juice and a rough form of raw sugar to be refined in the importing countries of Europe. Centuries later, Jamaica's sugar producers still produce cane juice and raw sugar to be refined

⁴⁰³ Williams 1984, 26.

abroad. The fact that Jamaica does not have a single sugar refinery on the island illustrates the country's astonishing and implausible reality of underdevelopment and external dependence. This structural characteristic of the early sugar industry was to shape the trajectory of Jamaica's entire agriculture sector and its national economy, retarding internal development of technological and industrial capacity and forever orienting the country towards dependence on external sources for markets, resources, and leadership.

It is not an exaggeration to say that Jamaica's entire socio-economic structure is grounded in the patterns established by the plantation economy and its prized commodity, sugar. As Michelle Harrison noted, "[a]lthough the wealth extracted from the Caribbean became the catalyst for change in Europe, the impact upon the islands themselves of European settlement and colonization was profound and complete. The Caribbean region is unique, in fact, in that it is entirely post-colonial. Over the course of three centuries, under the jurisdiction of Europe, its economic and social structure was completely conditioned by sugar production. Under the abomination of slavery new societies were born, and through the confines of plantation agriculture, new economies were shaped."⁴⁰⁴

A Jamaica Agricultural Development Foundation official described the significance of Jamaica's colonial past:

The colonial past has been the most decisive factor. We have always focused on what the colonizing power wanted out of Jamaica. Land use was devised to accommodate Britain's agenda; the most arable land was put into sugar and banana with the small farmer largely left out. There was land fragmentation into small parcels after independence, but this was not productive because subsequent agricultural production on these smaller parcels was highly inefficient. Plantation agriculture also geared technology towards monoculture, a highly inefficient system of farming. From independence to the present time Jamaica has highlighted the sugar

⁴⁰⁴ Harrison 2001, 91.

industry despite its intrinsic inefficiencies. Consequently, there is insufficient investment in non-traditional products where the margins are better and that allow for greater competition in niche market situations.⁴⁰⁵

Another longstanding structural characteristic, that of a dual farm structure, also evolved during this early colonial period. This dual structure produced inefficiencies and retarded Jamaica's agricultural development. Slaves were allowed to cultivate root crops and other food items in small "garden" plots. This was the beginning of what would evolve into the peasant class after Emancipation when the ex-slaves left the plantations in droves to eke out a living in whatever land they could access as small-scale independent farmers. Today their descendants cultivate Jamaica's numerous small hillside farms of five or less acres, which provided the bulk of foodstuffs for domestic consumption prior to the onslaught of cheap imported food beginning in the 1980s.⁴⁰⁶ According to the Jamaica Sustainable Development Network, Jamaica's structural dichotomy in agricultural production has impeded its development potential.⁴⁰⁷ Almost 300 years after Emancipation, the sector is still not harmonized. Rather, it is comprised of two related but distinct sub-sectors: large-scale plantation agriculture and small-scale peasant agriculture.

Large-scale farmers retain the most resource rich lands, i.e., the coastal plains and interior valleys both of which have fertile soil for farming, while smallholders farm small plots in Jamaica's mountainous terrain. Despite their privileged land allocation and

⁴⁰⁵ From the researcher's personal interview transcript.

⁴⁰⁶ The onslaught began after Jamaica liberalized its import controls per its IMF/World Bank mandated structural adjustment conditionalities and escalated after implementation of the WTO Agreement on Agriculture. According to the Food and Agriculture Organization of the United Nations, Jamaica's food import bill increased by 51.7 percent from 1990-2000. Its earnings from agricultural exports, on the other hand, increased by only 21.2 percent over the same period. See <http://www.fao.org/DOCREP/005/Y4632E/y4632e05.htm>.

⁴⁰⁷ The Jamaica Sustainable Development Network discusses this structural dichotomy in its profile of Jamaica's agriculture sector located at www.jsdnp.org.jm/susAgriculture-agricJA.htm.

access to resources in comparison to peasant farmers, Jamaica's large-scale plantation elite has not leveraged agriculture to boost the country's development. Until recently with rising global awareness of the need to diversify national economies beyond production/export of raw materials in order to compete in the highly innovative knowledge-based global economy, Jamaica's plantation elites generally endorsed a sectoral agenda focused on primary commodity export-led agriculture. In so doing, they advanced Jamaica's economic marginalization by collaborating with external forces vested in maintaining primary commodity plantation economy in Jamaica and other developing countries to buoy their own farmers and industrialization processes as well as ensure perpetual markets for their finished exports. Jamaica's plantation elite bought into the logic that anything from "foreign" was naturally better than anything produced locally, a state of mind that evolved during the early British colonial period and still permeates contemporary Jamaican society. In the words of a Private Sector Organization of Jamaica (PSOJ) official, "our colonial past fostered the common mentality that if something does not come from overseas it doesn't make sense. We have no belief in our own system. From the colonial period people have been the white man's puppet, focused on being what the white man wants us to be. We seem incapable of looking into our own situation, evaluating the underlying reasons for our problems, and trying to improve our situation."⁴⁰⁸ Walter Rodney popularized this line of thought with reference to the Caribbean context. Rodney postulated in the early 1970s that neocolonialism would rob Jamaicans and other peoples throughout the newly independent countries of true

⁴⁰⁸ From the researcher's personal interview transcript.

nationhood, self-reliance, and ultimately self-sufficiency.⁴⁰⁹ He argued that these countries would remain perpetually wedded to, dependent on, and marginalized by their former colonizers. The local elite, with one foot in the local economy and the other in the metropolitan economy in order to retain their power at home as well as enrich their pocketbooks, would prove to be the facilitative agent of a dependent-clientelist relationship that would keep the former colonies in a state of underdevelopment and dependency on external resources and markets—i.e., mired in the plantation economy.

Ironically, a key cause of Jamaica's problems is the external inclination and predisposition of the country's wealthiest and most powerful. As the dependistas Cardoso, Pablo Casanova, and Ernest Mandel contended, the developing country's fortune is tied to the interests of united local and foreign capital; the interests of local elites join together with those of metropolitan interests such that unequal exchange becomes the mechanism by which the developing country's interests is subjugated to those of its metropolitan countries. "In short, a close relationship developed between the foreign capitalists and the local capitalists who depended on them for finance, technology, supplies and marketing. It was a client relationship, and as such justifies us calling the Jamaican bourgeoisie a *client* (or comprador) bourgeoisie."⁴¹⁰ Put simply, Jamaica's predicament of underdevelopment and dependency is a manifestation of external and internal forces working on Jamaica from without and within to preserve the country's marginalized position vis-à-vis the international political economy. External and internal actors work symbiotically to condition the country as an appendage of the

⁴⁰⁹ Rodney wrote two landmark texts on the subject. See *How Europe Underdeveloped Africa* (1972) and *The Groundings with My Brothers* (1975).

⁴¹⁰ Beckford and Witter 1982, 67.

global economy such that the power and hegemony of united foreign and local special interests, i.e., economic elites, is preserved and the interests of domestic elites are served.⁴¹¹ “In many developing nations, politicians representing middle-class interests have gained control of the state in the post-independence era. The concentration of resources in the state, and the control of the middle class over these resources, constituted the basis of bureaucratic control over the middle classes.”⁴¹² Indeed, according to much anecdotal evidence obtained on the ground, Jamaica’s “first families” have always shaped the direction of policy largely in their own interests—i.e., to stifle entrepreneurship, innovation, and reform of the sort that challenges the status quo and their stronghold on Jamaica’s economy.⁴¹³ This is the essence of clientelism.⁴¹⁴ According to Carlene Edie, clientelism in the domestic context is perpetuated by the structure of global imbalances of power and wealth. Clientelism feeds external dependency and vice versa. “The political leaders of many developing nations have become dependent on the resources of powerful international actors for domestic programs and for the survival of their regimes. International resource transfers have been employed by the middle class for translating its class power into control of the state. As a consequence, the ruling middle class has often accommodated international actors in order to obtain the transfer of strategic resources

⁴¹¹ There is much overlap between Jamaica’s economic and political elites. A significant proportion of the country’s politicians own key businesses and possess sizeable per capita wealth. As such, one hand feeds the other. Wealth is a major prerequisite for election to public office. In Jamaica, with its strict class lines, huge disparity of wealth, and predisposition to tribal politics, economic power denotes influence, conveys authority, and assures political legitimacy. Robert Putnam described a related phenomenon in *Making Democracy Work: Civic Traditions in Modern Italy* (1994) in which he demonstrates how a non-inclusive civil society stratified on the basis on wealth and tribal politics can preclude economic development.

⁴¹² Edie 1991, 9.

⁴¹³ A small group of largely non-black families control Jamaica’s key industries, including sugar, rum, and banana.

⁴¹⁴ It is also a manifestation of a perverse control of the state by a non-inclusive civil society. Joel S. Migdal discussed this phenomenon with regards to Egypt, Sierra Leone, Israel, and Mexico in *Strong Societies and Weak States* (1988). Carl Stone has also written on clientelism in Jamaica. See *Democracy and Clientelism in Jamaica* (New Jersey: Transaction Books, 1980).

required to make domestic clientelism possible.”⁴¹⁵ Elite clientelism and the external dependency it fosters have affected Jamaica’s peasantry disproportionately. “Perhaps the greatest pressure has been felt by the peasantry: pressure from plantations, from mining, and from tourism, all competing with the poor peasant for the limited land base that Jamaica possesses...The effect of the relative decline of the peasantry has had far reaching effects on the Jamaica economy.”⁴¹⁶

Although they espouse the rhetoric of economic growth and development, those possessing the resources for leveraging Jamaica’s economy have not demonstrated an adequate commitment to sustained national development and self-sufficiency. An illustrative example is the flight of local capital to the U.S. and European markets during Michael Manley’s first term in the 1970s. When Manley attempted to propel socioeconomic equality and economic independence by encouraging worker cooperatives, spearheading the Land Lease land distribution program, nationalizing key industries, and galvanizing import substitution industrialization, local economic elites, persuaded by foreign business interests vested in retaining a presence in Jamaica due to its large stores of mineral (bauxite and alumina) wealth, rebelled by undermining the regime and sending their money abroad, which compounded the effects on the national economy of the oil shocks of the 1970s and commodity terms of trade crisis of the 1980s.⁴¹⁷ In addition, many of Jamaica’s educational and professional elites simply fled

⁴¹⁵ Edie 1991, 9-10.

⁴¹⁶ Beckford and Witter 1982, 68.

⁴¹⁷ For a discussion of Jamaica’s democratic socialist interlude and the socioeconomic change that occurred therein see Evelyne Huber Stephens and John D. Stephens, *Democratic Socialism in Jamaica: The Political Movement and Social Transformation in Dependent Capitalism* (1986). Using an approach similar to that utilized by Barrington Moore (1966), Stephens and Stephens, in collaboration with Dietrich Rueschemeyer, contended in *Capitalist Development & Democracy* (1992) that power relations between classes determine a society’s democratic potential. They argued that three clusters of power determine a country’s chances for democratic transition and consolidation: the balance of power among different classes and class coalitions; the structure, strength, and autonomy of the state

the country. Lack of business confidence in the government trickled down to the people causing a massive outcry against the regime, considerable social unrest, and calls in support of signing Jamaica up with the International Monetary Fund to secure an inflow of external funding. As Edie explained, Manley's democratic socialist regimes of 1972-1980 faced potent opposition from Jamaica's conservative forces in both the Jamaica Labor Party (JLP) and Manley's own People's National Party (PNP), Jamaica's primary political parties, as well as in the United States. Scholars allege that Jamaica's attempts at instituting democratic socialism were sabotaged by external forces that, in their displeasure with Manley's Castro-leaning tendencies, withdrew essential capitalist resources required for the state's survival and encouraged their local elite clients to do the same.⁴¹⁸ "Among the various CARICOM countries Jamaica was the first to experience economic disequilibria, commencing in the early 1970s. Structural defects became apparent as the economy experienced a secular decline throughout the latter half of the 1970s and into the 1980s. Fiscal and external deficits widened and debt accumulated. The agricultural sector, which was a major contributor to the national economy, also experienced a drastic reduction. Accordingly, Jamaica sought assistance from the multilateral and bilateral international institutions to assist with its recovery programme commencing in the early 1980s."⁴¹⁹

apparatus and its interaction with civil society; and the impact of transnational relations on the balance of class power and on state-society relations (p. 5). With regards to the impact of transnational relations, the authors argued that in Latin America and the Caribbean external forces have "shaped the class structure in ways inimical for democratization" (p. 9).

⁴¹⁸ For a detailed discussion of Manley's democratic socialist measures and retaliation against those measures see Beckford and Witter 1982, 90-91. Retaliation included: slowdown in production and investment; credit blockade by the U.S.; foreign media attacks on Jamaica's tourist industry; capital flight and elite migration; and destabilization from without by the Central Intelligence Agency (CIA).

⁴¹⁹ Singh 1995, 230.

Manley's discrediting led to his defeat in 1980 by the JLP's Edward Seaga whose regimes of 1980-1989 witnessed a shift in policy from democratic socialism to neoliberal free market economics as embodied in the Washington Consensus and based on the structural adjustment conditionalities to which Jamaica agreed through various IMF stabilization agreements, World Bank and Inter-American Development Bank structural adjustment loans, and U.S. Agency for International Development conditionality. Jamaica sought stabilization assistance from the IMF in the late 1970s and contracted agreements for a Standby Arrangement and an Extended Fund Facility, both of which were suspended before the decade ended because Jamaica failed to meet its targets and carry out comprehensive reform.⁴²⁰ However, Jamaica would eventually contract another seven IMF programs of support before concluding after its final Extended Fund Facility in 1992 that they caused more harm than good. With regards to World Bank loans, Jamaica has contracted 70 projects since 1965. Of these, 10 were adjustment loans projects.⁴²¹ Although Jamaica is no longer obligated to adhere to IMF rhetoric, it continues to do so as if by rote. Indeed, although structural adjustment conditionalities no longer constrain Jamaica's decision-making on a de jure basis, they have de facto influence because Jamaica has to answer to the IMF and World Bank as long as it owes them money and as long as it requires the IMF imprimatur for securing financing from investment banks. Hence, "we need to remember that issues of agriculture are not

⁴²⁰ Singh 1995, 252.

⁴²¹ For a detailed account of Jamaica's IMF/World Bank arrangements see the International Monetary Fund at http://www.imf.org/external/np/tre/tad/extarr2.cfm?memberKey1=510&date1key=2003%2D09%2D30&fiposition_flag=YES and http://www.imf.org/external/np/tre/tad/extrans1.cfm?memberKey1=510&endDate=2003%2D09%2D30&fiposition_flag=YES and the World Bank at <http://web.worldbank.org/external/projects/main?pagePK=217672&piPK=95916&theSitePK=40941&menuPK=221954&category=regcountries®ioncode=7&countrycode=JM>.

separate from Jamaica's indebtedness. Government cannot alienate the World Bank and IMF. It continually has to make tradeoffs."⁴²²

Upon implementing programs the IMF and World Bank programs, Jamaica moved to privatize, deregulate, and liberalize all sectors of its economy and accumulated massive amounts of debt in the process. Dr. Michael Witter, professor of Economics at the University of the West Indies/Mona, explained in the documentary *Life and Debt* that "the IMF wanted us to devalue our currency and since our society is so heavily dependent on imported food, fuel, etc. when we devalue the cost of the things we import increases for the citizens."⁴²³ As a result, our economy today is much more under the control of foreigners, not so much through direct ownership but through the mechanism of debt. In the 1970s we owed US\$800 million. By the end of the 1980s we owed US\$4 billion. Nowadays we owe US\$7 billion. So our debt is rising and all the while our capacity to export to produce is decreasing." The debt crisis that began in the 1980s spiraled to unsustainable proportions and continues unabated. Structural adjustment began at the macroeconomic level with the liberalization of imports. In 1982 under the first structural adjustment loan (SAL), the Seaga government removed 64 (out of 364) items under quantitative restrictions (QRs), replacing the QRs with equivalent tariff protection.⁴²⁴ The government also downscaled the prevailing import licensing system. Three years later, the remaining items under quantitative restrictions were removed.

⁴²² This point was stressed at a pre-WTO Cancun Ministerial briefing of the CARICOM Regional Negotiating Machinery held in Jamaica in July 2003. According to a Ministry of Agriculture official in attendance, all potential mechanisms for equalizing the playing field for Jamaica in world agricultural trade must be juxtaposed against the country's obligations per its structural adjustment conditionalities. "Just because a remedy is available doesn't mean Jamaica can use it." From the researcher's personal interview transcript.

⁴²³ For a written summary of Stephanie Black's documentary *Life and Debt* see New York Films at http://www.newyorkerfilms.com/t_elements/life_debt/life_debt_pk.pdf.

⁴²⁴ Singh 1995, 135.

Structural adjustment aimed to promote growth through export expansion. To their credit, the policies targeted both traditional and non-traditional exports as loci of growth. However, the one-size-fits-all formula of structural adjustment had a devastating effect on Jamaica's agriculture sector.⁴²⁵ Commodity boards were obliterated, the number of extension officers in the field severely reduced, food subsidies eliminated, import quantitative restrictions removed, and import tariffs slashed. Moreover, the policies had negligible effect on equalizing producer prices, which experts cite as the most dominant influence on production response.⁴²⁶ Therefore, it is not surprising that the performance of agriculture under structural adjustment has been poor. "Major traditional export commodities did not recover from the deterioration in production experienced in the late 1970s. Production levels in 1992 were only about one-half of the 1970 levels for sugar, bananas and citrus. Only in the domestic food production sub-sector were modest gains recorded over the period 1981-1992."⁴²⁷ Ten years later in 2002, production levels for sugar and bananas have declined even further while those for domestic food have been decimated by the emphasis of adjustment on export crops and by import competition, namely the flood of cheap foreign subsidized and/or dumped food items. Jamaica produced 2,603 tons of sugar in 1988, 2,602 tons in 1992, and 1,993 tons

⁴²⁵ The IMF has publicly acknowledged the error of its ways. In a striking admission of the misguided nature of its one-size-fits-all model of adjustment, the need to ground structural adjustment programs in the needs of the specific local context to maximize program efficacy, and the significance of social imperatives in development versus strictly macroeconomic objectives, a recent IMF publication stated: "The larger debate must address more fundamental questions of program design: questions of how to extend or modify the so-called Washington Consensus and embed it into the Monterrey Consensus on development finance. Stan Fischer recently summed up that issue neatly by noting that while the Washington Consensus is a 'useful shorthand description of a major part of a desirable basic policy orientation,' real-world policy recommendations must be more nuanced and comprehensive." See James M. Boughton, *Who's in Charge? Ownership and Conditionality in IMF-Supported Programs* WP/03/191 (Washington, D.C.: International Monetary Fund, 2003).

⁴²⁶ Singh 1995, 256.

⁴²⁷ Singh 1995, 244.

in 2002. With regards to bananas, Jamaica produced 156,313 metric tons in 1988, 217,081 metric tons in 1992, and 200,837 metric tons in 2002.⁴²⁸ According to the University of London's School of Economics, Mathematics and Statistics, sugar comprised 11.53 percent of Jamaica's total exports in 1972 and 7.46 percent in 1997. For bananas, those figures are 4.05 percent in 1972 and 3.38 percent in 1997.⁴²⁹

The pace of liberalization begun by Seaga in the 1980s escalated during the PNP regimes of the 1990s, especially after the Uruguay Round of the WTO.⁴³⁰ Many Jamaicans believe the government's pace of liberalization was too rapid. According to a Confederation of Trade Unions official:

The problem is that the IMF and World Bank are heavily staffed with macroeconomists touting dogma that if countries create the "right" macroeconomic conditions (aka liberalization and privatization), productivity will automatically ensue. But common sense says this is not true. How can a country increase productivity if it cuts expenditure on social programs such as health, education, transportation, and housing? This logic is completely nonsensical and it has devastated Jamaica. But it's Jamaica's fault because it should not have accepted and implemented the logic without first studying its implications.⁴³¹

Cheap food imports from Europe and the U.S. flooded Jamaica, dislocating and marginalizing local farmers who simply could not compete with inefficient foreign farmers benefiting from massive production and export subsidies afforded them by their rich and powerful governments that allow, even encourage, rich country farmers to

⁴²⁸ See STATIN 2003, Table 2.1 for production statistics for sugar and bananas.

⁴²⁹ See Fiona Atkins, *Jamaica's Terms of Trade: a Problem of Resource Curse or Dutch Disease* at <http://www.econ.bbk.ac.uk/wp/ewp/ewp0301.pdf>. The author presented an econometric analysis of Jamaica's (declining) terms of trade, using data abstracted from STATIN's *Statistical Yearbook of Jamaica*.

⁴³⁰ Michael Manley returned to power in 1989 a changed man. He disavowed democratic socialism and continued where Seaga had left off, but with even more commitment to macroeconomic reform. He explained in the documentary *Life and Debt* that he had no choice but to implore the IMF for financial assistance to stem the tide of social unrest that was plaguing the country at the time: "Going to the IMF and signing an agreement with them was a terrible experience. It's like living a walking contradiction. It was one of the bitter experiences of my public life."

⁴³¹ From the researcher's personal interview transcript.

overproduce food, the surplus of which is dumped in poor countries. According to a Ministry of Agriculture official, “our key trade problem is that we import most of our main staples—rice, flour, and cornmeal—and do not consume much of our locally-produced starches such as yam and dasheen because, although imported, the calorie weight of the former carbohydrate group is much cheaper and can be stretched further than that of the latter. We also import much milk powder, oils and fats, and processed fish. These imports form a large portion of our food basket.”⁴³² Unfortunately for poor country farmers, consumers find this food irresistible for its affordability, variety, and “rich country” allure. With the advent of television and more recently Internet technology, people worldwide have a birdseye view into the way the rich world lives and desire the same way of life, however materialist and unsustainable given their country’s low per capita incomes. Jamaicans are no exception.

Indeed, wealthy elites in developing countries are often the most ardent supporters of import liberalization because it allows them access to the foreign goods they crave to approximate metropolitan lifestyles. A Jamaican elite interviewed for this research illustrated this point in his commentary about the impact of cheap food imports on Jamaica’s farmers: “why should consumers be forced to pay more to maintain local production? If the U.S. government wants to subsidize my food consumption then more power to it. Why should I complain about U.S. and EU subsidization if it allows me to access to a greater variety of food at cheap prices?”⁴³³ These elites typically couch their

⁴³² From the researcher’s personal interview transcript.

⁴³³ When asked if food security matters, this elite remarked: “No, because I eat every day and I don’t grow any food. Jamaica’s small size makes the food security issue a nonstarter. In case of famine, people would give us food whereas it would be highly unlikely for China given the tremendous size of its population. It’s not likely that other countries will use food as a weapon against us because likely ‘adversaries,’ namely the US, have other points of leverage to use.”

support for full developing country import liberalization in the argument that it reduces global poverty because it leads to greater choice and cheaper prices. This is the liberal free trade argument that dominates much of the contemporary literature on trade and often obscures the existence and/or perniciousness of developed country agricultural protectionism. An article in *Foreign Policy*, for instance, argued that agricultural protectionism in a rich country does not necessarily worsen global poverty because if rich countries were to eliminate subsidies to domestic producers and quotas on foreign imports their agricultural production would decline, the global price of food would increase, and net food importing countries will suffer. “Certainly, if agricultural trade is liberalized and prices rise, some poor countries will become net agricultural exporters, but many will not.”⁴³⁴ That may be so, but the argument is nonetheless unconvincing when one-sided import liberalization erodes national food production, productivity, competitiveness, food security, and ultimately national security in agriculture-dependent countries that have little else on which to bank their economic futures in a process of sustained, self-reinforcing development.

Unfortunately, the WTO has not alleviated the problem. On the contrary, although the WTO’s mission requires it to liberalize and equalize world trade, agricultural protectionism has become even more intractable under the WTO. Developed country subsidies and tariff barriers against products of export interest to Jamaica and other developing countries—namely agricultural goods—continue unabated despite the commitments these countries made in the Uruguay Round.⁴³⁵ On the other hand,

⁴³⁴ Arvind Panagariya, “International Trade,” *Foreign Policy* (Nov/Dec 2003): 20-28.

⁴³⁵ Some developing countries are also highly protectionist. However, these countries tend to have high tariff barriers on industrial products, not agricultural goods. Interestingly, rich countries are clamoring at the WTO for countries to further liberalize industrial and services trade while poor countries are agitating

developing countries maintain very low tariffs against food imports and utilize few to no tariff rate quotas. Moreover, many, like Jamaica, lack the resources to subsidize their farmers. The World Bank characterizes Jamaica as “a very open economy” that introduced capital account convertibility in 1991. Jamaica in 2002 had an average tariff rate of 8.9 percent, reduced from an “already moderate” rate of 20.3 percent since 1991.⁴³⁶ As a CARICOM member, Jamaica assesses a common external tariff (CET) of between zero and forty percent on goods from non-CARICOM members; goods from CARICOM members enter duty-free. Jamaica’s economy is very open and trade dependent. The Food and Agriculture Organization of the United Nations (FAO) acknowledges that before the Uruguay Round ended Jamaica had already implemented various structural reforms specified in the Agreement on Agriculture. These included: elimination of all quantitative import restrictions; elimination of the use of reference prices as a matter of policy; tariffication of non-tariff barriers such that no tariff exceeded 100 percent; reduction of duties from 200 percent in several cases to 40 percent; elimination of most agricultural credit subsidies and other forms of subsidies and controls associated with regulation by commodity marketing boards; elimination of food subsidies; divestment of public companies; and tariff reduction over a period of three to

for rich countries to make good on the commitments they made during the Uruguay Round with respect to agriculture. Developing countries are reluctant to make additional commitments in the absence of rich country reduction of agricultural protectionism. With the breakdown of talks in Cancun, largely over agriculture, WTO negotiations have reached an impasse.

⁴³⁶ See *Jamaica: The Road to Sustained Growth* (Washington, D.C.: World Bank, January 2004). In a 23 October 1998 press release the WTO noted that Jamaica lowered its import duties from rates as high as 200% to maximum levels of 30% for industrial products and 40% for agricultural goods. See http://www.wto.org/english/tratop_e/tpr_e/tp85_e.htm. Jamaica assesses additional duties, such as customs and stamp duties, on some imports to protect local industries.

seven years according to the CARICOM's common external tariff.⁴³⁷ In the Uruguay Round, Jamaica bound all agricultural tariffs at 100 percent but this bound rate is theoretical in that it is superseded by the much lower applied CARICOM common external tariff to which Jamaica is obligated by regional treaty obligation.⁴³⁸ Jamaica is precluded by its WTO commitments from utilizing tariff rate quotas (TRQs), which obligate countries to charge applied tariffs to only in-quota countries and allows them to inflate tariffs for out-of-quota countries. With regards to subsidies, Jamaica provides minimal green box domestic support—approximately US\$8 million per year, a minuscule amount when compared to its average annual agricultural GDP of US\$480 million—and no export subsidies (FAO 2000). With regards to safeguards and trade remedy measures, Jamaica cannot utilize the Special Safeguard (SSG) Provision of the AoA because it did not implement tariffication during the Uruguay Round.⁴³⁹ Indeed, although Jamaica has an Anti-Dumping and Subsidies Commission, the WTO's anti-dumping and countervailing recourses have generally been out of Jamaica's reach due to their high cost of administration and utilization.

The State of Jamaica's Macroeconomy

The World Bank classifies Jamaica as a 'globalizer' meaning that it is one of the top one-third of developing countries to have increased trade relative to gross domestic

⁴³⁷ *Agriculture, Trade and Food Security Issues and Options in the WTO Negotiations from the Perspective of Developing Countries*, Vol. II Country Case Studies, Chapter 7-Jamaica (Food and Agriculture Organization of the United Nations, 2000). See <http://www.fao.org/docrep/003/X8731e/x8731e00.htm>.

⁴³⁸ The CET went into effect in 1991.

⁴³⁹ Of course, Jamaica had tariffied its non-tariff barriers much earlier as part of its structural adjustment conditionalities. Yet, it was nonetheless denied access to the SSG.

product (GDP) between 1975-79 and 1995-97.⁴⁴⁰ According to the Bank's research, the weighted average growth rate for globalizing countries increased from 3.5 percent to 5 percent between the 1980s and 1990s. The growth rate for non-globalizing countries increased from 0.8 percent to a mere 1.4 percent over the same period. Jamaica's GDP in 2002 was US\$8.4 billion, current prices. Per capita GDP in 2002 was US\$3,203. GDP growth measured in annual % change was one percent in 2002 and an average of zero percent over the period 1995-2002.⁴⁴¹ Interestingly, Jamaica's economic performance during the 1980s and 90s was the exact opposite of the expectation for globalizers. Indeed, while it experienced annual GDP growth of 6.3 percent from 1952 to 1972, growth has been stagnant for the last three decades.⁴⁴² Despite Jamaica's attempts at liberalization per the neoliberal prescription for growth, the country simply has not realized the promise of sustained, self-reinforcing growth. This paper asserts that the country's declining agricultural production, productivity, and competitiveness is a major cause of the problem.

In 2002 Jamaica's real GDP in agriculture, forestry, and fishing was Ja\$1,331 million, a drop of 8.3 percent from 2001, and agriculture constituted 6.6 of total real GDP, a drop from 7.3 percent in 2001.⁴⁴³ Jamaica's real GDP growth rate for agriculture in 1997, 1998, 1999, 2000, 2001, and 2002 was -13.7 percent, -1.5 percent, 1.3 percent,

⁴⁴⁰ See David Dollar and A. Kraay, *Trade, Growth, and Poverty*, Policy Research Working Paper No. 2615 (World Bank: Washington, D.C., 2001)

⁴⁴¹ The data in this and the preceding two sentences is taken from the World Bank's most recent report on Jamaica. See *Jamaica: The Road to Sustained Growth* (Washington, D.C.: World Bank, January 2004).

⁴⁴² See *Jamaica: The Road to Sustained Growth* (Washington, D.C.: World Bank, January 2004).

⁴⁴³ See PIOJ 2003, 8.1. The PIOJ curiously attributes the decline in agriculture GDP entirely to climactic forces. "The decline in GDP in agriculture was due to the effects of the November 2001 flood rains in addition to heavy rainfall in the months of May/June and September 2002. These events resulted in the destruction of crops, livestock, agricultural assets and infrastructure...The effect of the floods also contributed to the decline in the Manufacturing sector, particularly, the Agro Processing industry" (v). GDP is measured in producers' values at constant (1986) prices.

-10.9 percent, 5.2 percent, and -8.3 percent respectively.⁴⁴⁴ These figures account to an absurdly low overall percentage point contribution to growth of -0.6 percent when considered in the context of the country's suitability to agricultural production and export per David Ricardo's logic of trade by comparative advantage. From 1997 to 2000 agriculture's contribution to GDP was 7.9 percent, 7.8 percent, 8.0 percent, and 7.0 percent respectively.⁴⁴⁵ Output for domestic crops declined in 2002 from 2001 by 11.3 percent and for export crops by 5.8 percent.⁴⁴⁶ Agricultural output declined overall from 2001 by 7.4 percent.⁴⁴⁷ From January to September 2002, export earnings from agriculture totaled US\$108.8 million in comparison to US\$112.7 million for the same time period in 2001.⁴⁴⁸ Traditional products earned US\$45 million and non-traditional products earned US\$64.8 million.⁴⁴⁹ According to the Statistical Institute of Jamaica, which classifies agricultural crops into three categories—export; vegetables, pulses, and legumes; and other—the agricultural sector experienced a general decline in output in 2002.⁴⁵⁰ Overall, only coffee, ginger, and onions showed increases in production above the 2001 levels. A majority of the traditional export crops decreased in the quantity produced.⁴⁵¹ The vegetables, pulses, and legumes showed varying levels of decline in

⁴⁴⁴ PIOJ 2003, 3.3.

⁴⁴⁵ PIOJ 2003, 3.4.

⁴⁴⁶ PIOJ 2003, 8.1.

⁴⁴⁷ Ibid.

⁴⁴⁸ Ibid.

⁴⁴⁹ Ibid. Sugar, previously reported as a traditional (primary) product, is now reported as a manufactured product.

⁴⁵⁰ *Production Statistics 2002* (Jamaica: Statistical Institute of Jamaica, 2003), i. The traditional export crops include coconut, citrus, sugar cane, bananas, and coffee. Pulses and vegetables include pumpkins, carrots, cabbages, peas and beans, cucumbers, tomatoes, peanuts, and peppers. "Other" crops include sweet potatoes, Irish potatoes, yams, cocones and dasheens, onions, cassava, and rice. For the purposes of this research project, products in the vegetable/pulse/legume and other categories are considered domestic crops in keeping with their primarily domestic consumption. The statistics in the remainder of this paragraph are presented in *Production Statistics 2002*.

⁴⁵¹ According to information gleaned from interviews with farmers and commodity board officials, citrus and coconut were plagued by disease, citrus by the tristeza virus and coconut by the lethal yellowing

production. In the other crops category, all with the exception of onion declined considerably in production. Rice, Irish potatoes, and sweet potatoes had the highest rates of decline with 69.7 percent, 19.6 percent, and 19.5 percent respectively. This pattern of production decline is even more striking when assessed over a longer historical period. In 1988 Jamaica produced 19,800 metric tons of sweet potatoes and 9,893 metric tons of Irish potatoes. In 1995 those production figures were 30,560 and 17,036 respectively. In 2002 they were 20,012 and 5,314. With regards to Jamaica's oldest export crops, Jamaica produced 2,603,000 tons of sugar in 1988, 2,340,000 in 1995, and 1,993,000 tons in 2002. For banana the figures are 156,313 metric tons in 1988, 237,797 metric tons in 1995, and 200,837 metric tons in 2002. For coffee the figures are 12,192 metric tons in 1988, 15,398 metric tons in 1995, and 13,566 metric tons in 2002. Amongst the domestic crops, the performance of potatoes is illustrative and leads the discerning analyst to consider the effect of advanced country subsidization and/or dumping in Jamaica of comparable products.⁴⁵²

Looking at the macro picture, Jamaica's debt to GDP is 150 percent, unemployment is 15.1 percent, and its economy is growing at an annual rate of approximately one percent.⁴⁵³ Jamaica's current account has been in deficit for several

disease. Sugar and banana are plagued by a disease of an inorganic form—dependence on the consistently high prices granted under the EU-ACP Lome preferential trade regime, which fostered complacency and lack of innovation amongst both producers and policymakers.

⁴⁵² The Economic Research Service of the U.S. Department of Agriculture acknowledges that “potatoes are covered by a variety of general, non-crop-specific programs. Some of these include production assistance programs such as Federal crop insurance, disaster assistance, and western irrigation subsidies. Fresh potatoes and various processed potato products are eligible for various export promotion programs funded by the USDA, State departments of agriculture, and private industry. Federal food purchase and donation programs such as the National School Lunch Program, the Commodity Supplemental Food Program, and the Food for Peace Program (P.L. 480) also include potatoes and potato products.” See <http://www.ers.usda.gov/briefing/potatoes/policy.htm>.

⁴⁵³ See *Jamaica: The Road to Sustained Growth* (Washington, D.C.: World Bank, January 2004). The reporting of Jamaica's debt to GDP ratio varies by reporting entity. According to Bear Stearns, the investment banking and securities firm the Government of Jamaica has contracted, Jamaica's public sector

years; in 2001 and 2002 for January to November it was –740.6 and –941.4 US\$ million respectively.⁴⁵⁴ Jamaica's current account deficit widened by US\$216.8 or 11.8 percent of gross GDP from January to September 2002.⁴⁵⁵ This expansion was due largely to the US\$181.1 million expansion in the goods account deficit. The merchandise trade deficit expanded to 22 percent of GDP due to an increase in imports and a decrease in exports; exports decreased by US\$142.7 million to US\$991.2 million while imports increased by US\$38.4 million to US\$2320.7 million.⁴⁵⁶ For agriculture, traditional exports showed a small increase of 0.7 percent while nontraditional exports showed a large decline 6.0 percent.⁴⁵⁷ In the traditional food export category, coffee performed the best, showing an export increase of 8.3 percent, which helped balance out the declines for banana, citrus, and cocoa: 2.9 percent, -44.4 percent, and –22.0 percent respectively.⁴⁵⁸ Exports of sugar, now classified as a manufactured good, declined by 6.2 percent.⁴⁵⁹

Jamaica's real GDP increased by 1.0 percent in 2002. Total goods-production decreased by 0.4 percent while services-production increased by 1.8 percent. Within the

debt stands at 150 percent of GDP and its domestic debt is 94.1 percent (as of July 2003). According to Jamaica's Ministry of Finance, Jamaica's external debt at the end of 2002 stood at \$US 4,347.46 mn and its external debt/GDP was 58.06 percent. See

<http://www.mof.gov.jm/dmu/download/2003/extdebt/edi0212cy.pdf>. According to the Bank of Jamaica, Jamaica's direct external debt at the end of November 2003 stood at \$US 3,790.7 mn and its total debt/GDP in 1999 (the Bank's most recent available data) was 115.14 percent. See <http://www.boj.org.jm/economicdata.asp>.

⁴⁵⁴ *Statistical Digest April 2003* (Jamaica: Bank of Jamaica, 99).

⁴⁵⁵ PIOJ 2003, 4.2.

⁴⁵⁶ Ibid.

⁴⁵⁷ PIOJ 2003, 4.2-4.4.

⁴⁵⁸ Ibid. Jamaica's coffee has unique qualities which make it very competitive in world trade. According to a Coffee Industry Board official, Jamaican coffee has held its own on world markets due to brand equity—half its value is emotional (historical) and the other half is due to its natural attributes, namely taste and aroma. In comparison, there is nothing particularly unique or special about Jamaica's sugar or bananas. Jamaica produces three types of coffee: Blue Mountain 1, High Mountain Supreme, and Jamaica Prime. Of these Blue Mountain 1 is the best regarded and the most expensive. High Mountain Supreme and Jamaica Prime, although not as select, still fetch high prices on world markets. In July 2003 Blue Mountain 1 coffee sold for US\$12.50/lb and High Mountain Supreme for US\$6.85/lb. In comparison, coffee traded on the coffee commodity market in New York City sold for US\$.60/lb. A majority of Jamaica's coffee is exported to Japan. From the researcher's personal interview transcript.

⁴⁵⁹ Ibid.

goods-production category, agriculture and manufacturing were the losing sectors, declining by 8.3 percent and 0.2 percent respectively. Mining and Quarrying was the most fruitful sector, increasing by 3.4 percent due largely to an expansion of bauxite and alumina production. Jamaica's declining goods production together with its reliance on service provision and extraction of its exhaustible mineral stores begs the question of how a national economy can thrive without vibrant productive sectors, particularly agriculture and manufacturing, and is a cause of concern for many Jamaicans. An official of Dairy Industries Ltd. offered an interesting explanation for Jamaica's seemingly misguided sectoral prioritization and lack of balanced, self-reinforcing development: "[Jamaicans] took over as managers in the 60s and proceeded to live like our colonial masters. To escape from Jamaica's legacy of slavery and colonialism, we aimed for service jobs in law, medicine, etc. But service jobs have to be built on productive activities such as farming, engineering, etc. Jamaica has too many lawyers and doctors and not enough work to sustain them because there is not enough productive activity going on. We have lots of potential and our crops have superior taste. Why haven't we presented them to the food consuming population around the world? If we leveraged agro-processing appropriately there would be enough productive activity to drive the economy."⁴⁶⁰ The issue is, of course, much more nuanced. Nonetheless, the commentary illustrates the conundrum at issue in this research project, essentially why despite Jamaica's natural and human resource endowment the country has not leveraged its intrinsic comparative advantage in agriculture to contribute more significantly to national economic growth and development vis-à-vis the global economy. In other words, what

⁴⁶⁰ From the researcher's personal interview transcript.

are the constraints, both internally-motivated and externally-driven, on agricultural productivity, competitiveness, and national development?

Assessment of Jamaica's Agricultural Decline

Trade experts posit several explanations for the agricultural failings of countries like Jamaica. These explanations impugn either externally-driven or domestically-motivated forces but all relate to and evolve from Jamaica's history and standing as a plantation economy in world trade. Externally-motivated constraints on Jamaica's agriculture limit access to locally produced goods in rich foreign markets as well as pose insurmountable, unfair competition for locally produced goods in the local market. These challenges include developed country subsidization of their farm sectors, utilization of border tariff barriers against developing country agricultural imports, and dumping of agricultural surplus in poor countries under the guise of food aid—all egregious practices that are permissible under the World Trade Organization (WTO).⁴⁶¹ “In addition to the direct subsidies that the rich countries offer their farmers, they impose import tariffs on agricultural imports that can be as high as 60 percent. This protectionism inflicts a double dose of damage on developing countries. It raises barriers to their agricultural exports—a main source of hard currency—and threatens them with competition on their own domestic markets from agricultural exports of rich countries, which become cheap

⁴⁶¹ These externally-driven constraints on Jamaica's development are discussed in greater detail in Chapter 3. As noted by a CARICOM Regional Negotiating Machinery (RNM) official at a RNM briefing on agriculture in trade negotiations held in Jamaica in July 2003, developed country subsidies are conveyed into their food aid programs. Therefore, when Jamaica accepts such aid it helps perpetuate inefficiency in international food production and trade, prop up subsidized developed country farmers, undermine its own farmers, and—in light of agriculture's role in development—derail its own national development.

as a result of government subsidies.”⁴⁶² Sugar, Jamaica’s leading traditional export, is a striking case in point. According to the U.S. Department of Agriculture, the average allowed WTO tariff for sugar is 74 percent. The U.S. imposes an average tariff rate for sugar of over 90 percent while the EU imposes an average rate of close to 150 percent. With regards to export subsidies, in 2000/01 the EU subsidized its sugar producers to the effect of US\$340 million. The U.S. operates two re-export programs, the Refined Sugar and Sugar-Containing Products Re-Export Programs, to help U.S. producers of value added sugar products compete in global markets. Under these programs, U.S. producers import raw sugar under a tariff rate quota, process it, and receive governmental assistance to re-export the refined product. The Commodity Credit Corporation (CCC) of the USDA also administers export credit guarantee programs to help buyers in importing countries finance U.S. agricultural exports. These programs provide credit to buyers who would otherwise lack the necessary financing for purchase without CCC guarantees.⁴⁶³ With regards to domestic support subsidization, in 1998/99 the EU gave its sugar producers US\$6 billion in amber box support while the U.S. gave its producers US\$1 billion in amber box support.⁴⁶⁴ Such protectionism by rich countries poses an almost insurmountable burden on developing country agricultural production and competitiveness in both export and local markets.

Rich country agricultural subsidies and border barrier mechanisms such as tariff peaks and tariff escalation restrict market access to developing countries’ traditional

⁴⁶² Samira Dawani, “Freeing Up World Agricultural Trade,” *The Lebanese Daily Star Online* (28 January 2003).

⁴⁶³ See the USDA at <http://www.fas.usda.gov/excredits/exp-cred-guar.html>.

⁴⁶⁴ See USDA/Foreign Agricultural Service (FAS) at <http://www.fas.usda.gov/info/factsheets/WTO/commodities2002/Sugar3.pdf> and USDA/Economic Research Service (ERS) at <http://www.ers.usda.gov/Briefing/FarmPolicy/2002sugar.htm>.

exports and dissuade poor country diversification and industrialization. Sugar illustrates the power of border barriers. Take the United States for example. The U.S. sugar industry is one of the country's most highly protected commodities. Whereas the production and export of U.S. sugar is highly subsidized and exported widely below the cost of production, sugar imports into the country are restricted to entry by tariff rate quota (TRQ). Sugar imports not privy to the quotas are subjected to extremely high tariffs, and the more refined the product the higher the tariff. Given the level of protectionism endemic to the industry, it is not surprising that sugar was a major sticking point in the recent U.S.-Australia Free Trade Agreement negotiations.⁴⁶⁵ Given its history as sugar producer and the centrality of sugar earnings in its economy, Jamaica has a vested interest in this issue. Ironically, Jamaica is hard pressed to criticize this discriminatory tariff regime because specific quantities of its raw sugar is granted duty-free quota access to the U.S. and European markets, the U.S. under the Caribbean Basin Initiative and Europe under the Lomé/Cotonou Agreements. Herein lies a fundamental tragedy of Jamaica's dependency and underdevelopment. Jamaica's continued operation in the plantation economy, with characteristic clientelist dependence on advanced country "munificence" for production and export guidance, propels a development that is restricted to that very "munificence" versus a development that is based on the country's comparative and competitive advantages.

Some scholars attribute Jamaica's agricultural decline to the country's underdevelopment and external dependency wrought by its marginalization in and by the world trading regime. Michelle Harrison, for example, argued that "deeply embedded structures of underdevelopment meant that the agricultural sector failed to benefit from

⁴⁶⁵ The agreement was concluded in February 2004. The U.S. refused to expand access to Australian sugar.

the general economic growth that the island experienced in the post-Second World War period during which the strategy of industrialization-by-invitation reigned. As bauxite mining, tourism, and manufacturing emerged to become Jamaica's principal foreign exchange earners, relative agricultural productivity actually declined. Despite [largely public] investment in the sector, production of sugar and other commercial crops has continued to fall; moreover, as domestic production has fallen further, more and more of the food that Jamaicans eat has to be imported. At the national level this has had disastrous consequences for the macro economy, but at the local level it has meant the greater entrenchment of rural poverty."⁴⁶⁶ Other external challenges that have eroded Jamaica's agriculture include the one-model fits-all structural adjustment methodology designed by the IMF and World Bank and implemented by Jamaica and other developing countries as a precondition for securing international financial assistance. In addition, the preferential trade arrangements that have shielded Jamaica's traditional export agriculture since independence—with both positive and negative consequences—and which are bedrock of the country's economy, are now threatened under the WTO. As discussed in Chapters 1 and 3 of this paper, the Lomé Agreement—instituted by the European Union (EU) in 1975 as a way to help member countries' former colonies in Africa, the Caribbean, and the Pacific (the ACP countries) transition into self-government—was the first of these preferential arrangements to benefit Jamaica. Other PTAs, including the United States' Caribbean Basin Initiative (CBI) and Canada's CARIBCAN, have played a major role in Jamaica's economy. But Lomé has been the most advantageous by far; it has virtually preserved Jamaica's sugar and banana industries by granting them entrée to the European market in large quota quantities and at prices fixed above world market

⁴⁶⁶ Harrison 2001, 10.

prices. Much to Jamaica and other beneficiary countries' dismay and chagrin, other countries have challenged these preferential arrangements at the WTO on several counts; the challengers assert that the arrangements violate the WTO tenets of most favored nation, nondiscrimination, and reciprocity. The most damaging challenge to date was mounted in 1996 by the U.S. against the Lomé-ACP banana regime, which the U.S. claimed unfairly locks exports from more efficient banana producing countries out of the lucrative European market. The U.S. won the case after a prolonged legal battle at the WTO, forcing the EU to reformulate Lomé. The Lomé Agreement, renamed the Cotonou Agreement after Cotonou, Benin where the agreement was renegotiated in 2000, extended preferences to 2006 when they will be eliminated. Not satisfied with this phased elimination, other countries have mounted their own challenges at the WTO. In July 2003 a tripartite coalition comprised of Brazil, Australia, and Thailand challenged the Lomé/Cotonou-ACP sugar regime at the WTO claiming as the U.S. did before them that the preferences awarded the ACP countries unfairly lock exports from more efficient sugar producing countries out of the lucrative European market.

Jamaica is concerned about developed country subsidization, dumping, and tariff barriers. However, the impending demise of the PTA is an immediate and pressing concern. Jamaicans, from government officials to taxi drivers, are worried that, without the PTA, Jamaica will no longer be able to sell its goods due to its small size and economies of scale, high cost of production, lack of productive and marketing resources, and the developed countries' pervasive utilization of protectionist trade practices like agricultural subsidization, dumping, tariff peaks, and tariff escalation. Because the PTA has been Jamaica's primary export vehicle since independence, there is much angst on

the ground about how the end of preferences will affect Jamaica's economic future. However, Jamaicans have a love-hate relationship with preferences. The PTAs served as export vehicles into rich country markets for Jamaica's traditional exports, awarding a fixed price for targeted commodities imported under the arrangements regardless of prevailing global market prices and conditions. Notwithstanding the advantages of preferences, critics allege that these arrangements fostered complacency, apathy, and dependency in Jamaica's agriculture community. They say the PTAs programmed Jamaican farmers, processors, and distributors to accept the primary commodity plantation agriculture model as their lot, never aspiring to more than the production and export of raw farm goods. According to an official of the Caribbean Agricultural Research and Development Institute (CARDI), preferences perpetuated primary production and export to Europe and stifled local industrial developments and initiatives.⁴⁶⁷ Unfortunately, Jamaica's producers became quite content with the export outlet and income potential afforded by PTAs, so much so that the country's production of key export products has dropped precipitously in recent years, which has caused the country to fall short on some PTA quotas, a completely counterproductive and counterintuitive consequence of PTAs.

Although some critics indict PTAs as the source of Jamaica's reduced agricultural productivity and competitiveness, others blame Jamaicans' own lack of foresight and innovativeness. While they concur that PTAs fostered external dependency in beneficiary countries, they say the blame cannot be attributed to any intrinsic malevolence on the part of sponsoring countries whose primary motivation for extending the arrangements was a desire to help poorer countries develop. As an official of the

⁴⁶⁷ From the researcher's personal interview transcript.

Private Sector Organization of Jamaica (PSOJ) commented, “preferences facilitate development while encouraging dependency. We couldn’t have gotten where we are without preferences. However, sponsoring countries never intended for recipient countries to be beneficiaries indefinitely. There was always the expectation that Jamaica would eventually be able to step up to the plate. Any inability to do so is our own doing. We have had enough time under preferences to make adjustments and transition but did not utilize the assistance for the purpose(s) for which it was given. Jamaica wasted the opportunity.”⁴⁶⁸ Echoing these thoughts, a Development Bank of Jamaica official contended, “Lomé served its purpose. We could have diversified but we were too dependent on export earnings from sugar and bananas. The onus for diversification was on Jamaica. We should have taken the initiative realizing that preferences would not last forever.”⁴⁶⁹ While many Jamaicans bemoan the impending demise of preferences, some welcome it. A principal of Walkerswood Foods, for instance, explained how preferences derail the transition of a primary commodity producing country to value-added production: “Walkerswood has not received any benefit from these initiatives because we are a value-added producer. Preferences are geared towards primary goods. Preferences affect us in that we can’t use Jamaican-produced sugar in our products because the vast majority of our sugar goes to fill quotas, not to supply domestic consumers or processors. We have to import the brown sugar used in our jerk seasoning from other countries.”⁴⁷⁰

⁴⁶⁸ From the researcher’s personal interview transcript.

⁴⁶⁹ From the researcher’s personal interview transcript.

⁴⁷⁰ From the researcher’s personal interview transcript. Walkerswood Foods is an agro-processor located in the parish of St. Ann near the popular tourist area of Ocho Rios. The company produces jerk seasonings and a variety of sauces, 85 percent of which is exported to other Caribbean countries, North America, and the United Kingdom. It is one of Jamaica’s fastest growing companies and is cited by many as an agro-processing model to be emulated by other Jamaican companies. Walkerswood works with several organizations to empower local farmers and invigorate Jamaica’s agriculture sector.

His comments are striking and troublesome given Jamaica's history and status as a primarily sugar producing country.

Along with the challenge to PTAs, the international trade regime has become increasingly discriminatory against Jamaica's and other developing countries' agricultural exports, both primary and value-added. Despite the reforms invoked under the Uruguay Round Agreement on Agriculture (AoA) almost 10 years ago, Jamaica's exports still do not have the kind of non-PTA market access in rich country markets—particularly its two largest trading partners, the U.S. and EU—that one would expect in an ostensibly free trade regime. Jamaica's agriculture is also being undermined by an onslaught of cheap, imported food that is flooding the Jamaican market and sold below cost, which poor country governments and consumers find hard to resist.⁴⁷¹ Much of this food is produced in, and exported by, the U.S. and EU with the assistance of massive domestic and export subsidies. According to the Food and Agriculture Organization of the United Nations (FAO), “[s]ubsidies to farmers in the developed world have negative ramifications for agriculture in the developing world in a number of ways. By enabling farmers and agro-companies to sell on the international market at prices far below production value, they leave growers in the developing world unable to compete. They also encourage excess supply, which further lowers world agricultural prices -- reducing

⁴⁷¹ For proof that advanced country subsidies are undermining Jamaica's agriculture see Oxfam Briefing Paper 31, *Stop the Dumping! How EU Agricultural Subsidies Are Damaging Livelihoods in the Developing World*, at http://www.oxfam.org.uk/what_we_do/issues/trade/bp31_dumping.htm. According to the Ministry of Agriculture, the largest category of food imports is cereal, consisting mainly of rice, maize, wheat and flour. This group averaged 83% of total food imports in the period 1989-1999. This is the fastest growing area of food imports. The second highest category of food imports is fish and meats. This group averaged 12 percent for the period 1989-1999. Poultry—primarily chicken necks, backs, and leg quarters—was the largest component. See *Update on the State of Food Security in Jamaica* at www.moa.gov.jm/policies/update_on_the_state_of_food_secu.htm.

the money that poor farmers make, or pushing them out of the business entirely.”⁴⁷² The FAO has also denounced advanced country tariff peaks and escalation for developing country farm exports. “Such ‘tariff peaks’ -- sometimes running as high as 350 percent -- are often concentrated in products that are of export interest to developing countries. These include major agricultural staple food products, such as sugar, cereals and fish; tobacco and certain alcoholic beverages; fruits and vegetables; and food industry products with high sugar content.”⁴⁷³ The World Bank has also criticized developed country farm protectionism for its harmful impact on developing country agricultural production and competitiveness:

Bank research has shown that agricultural subsidies in rich countries of about \$300 billion a year suppress world prices, undermining developing country exports. The subsidies are roughly six times total development aid. A new Bank study found that full elimination of agricultural protection and production subsidies in the rich countries would increase global trade in agriculture by 17 percent, with agricultural and food exports from low and middle-income countries rising by 24 percent. As a result, total annual rural income in these countries would rise by about \$60 billion, or roughly 6 percent.⁴⁷⁴

Even the Organization for Economic Cooperation and Development (OECD) and IMF have underscored the downside of developed country agricultural protectionism for developing country socioeconomies. The heads of the World Bank, OECD, and IMF made the following commentary in a September 2003 IMF press release:

⁴⁷² See press release *Subsidies, food imports and tariffs key issues for developing countries* at <http://www.fao.org/english/newsroom/focus/2003/wto2.htm>.

⁴⁷³ See September 2003 press release *Subsidies, food imports and tariffs key issues for developing countries* at <http://www.fao.org/english/newsroom/focus/2003/wto2.htm>.

⁴⁷⁴ See November 2002 press release *World Bank Chief Economist Urges Cuts in Rich Country Agricultural Subsidies: Recent increases “hypocritical and deeply damaging”* at <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20076448~menuPK:34463~pagePK:34370~piPK:34424~theSitePK:4607,00.html>.

Agriculture is of particular importance to the economic prospects of many developing countries, and reforming the current practices in global farm trade holds perhaps the most immediate scope for bettering the livelihoods of the world's poor. Yet, developed countries impose tariffs on agriculture that are 8 to 10 times higher than on industrial goods. Many continue to use various forms of export subsidies that drive down world prices and take markets away from farmers in poorer countries. In every sector except agriculture, these same countries long ago agreed to prohibit export subsidies. Agricultural support costs the average household in the EU, Japan, and United States more than a thousand U.S. dollars a year. Much of this support depresses rural incomes in developing countries while benefiting primarily the wealthiest farmers in rich countries, and does little to accomplish the environmental and rural community goals that developed countries strive to pursue.⁴⁷⁵

As discussed in Chapter 3 of this paper, rich country domestic subsidies benefit their largest and most prolific farmers, most of whom enjoy an above average standard of living, while export subsidies privilege the large agribusiness transnational corporations (TNCs) domiciled in the U.S. and Europe that export the agricultural surpluses produced with the aid of domestic support. Whereas the average American farmer is thriving and makes a good living, the average Jamaican farmer is not so lucky.⁴⁷⁶ Due to dislocating import competition, many Jamaican farmers are being pushed out of farming and are fleeing their rural homes for the overcrowded ghettos of Kingston. Although Jamaica's implementation of the AoA liberalized Jamaica's market for food imports—essentially reinforcing the agricultural liberalization that Jamaica had undertaken previously under its IMF/World Bank structural adjustment programs—the agricultural markets of its developed country trading partners are not similarly liberalized. In the aftermath of the

⁴⁷⁵ See *Declaration by the Heads of the IMF, OECD and World Bank* at <http://www.imf.org/external/np/sec/pr/2003/pr03150.htm>.

⁴⁷⁶ According to a report on farm incomes in OECD countries, farm households enjoy incomes that are, on average, close to those in the rest of society. Moreover, they often possess significant wealth, particularly from farm assets. See *Farm Household Incomes: Issues and Policy Responses* (OECD, January 2003). With regards to the United States, the USDA reports farm households as relatively better off than the average U.S. household. See Ashok K. Mishra et al., *Income, Wealth, and the Economic Well-Being of Farm Households* (U.S. Department of Agriculture, 2002).

Uruguay Round and throughout the 1990s, Jamaica's food imports more than doubled and by the end of the decade accounted for 14 percent of imports and 11 percent of the total trade deficit.⁴⁷⁷

	1982	1992	2001
Total imports (cif), in US\$millions	1,380	1,775	3,197
Food	119	107	269
Fuel and energy	407	316	416
Capital goods	326	293	566

Source: The World Bank. See <http://www.worldbank.org/data>⁴⁷⁸

Given these figures, it is not surprising that Jamaica's agricultural production, productivity, and competitiveness are declining.

With regards to internally-motivated constraints on poor country agricultural development, one popular explanation is the modernization school theory that a country's lack of economic development is due to internal deficiencies that impeded its development momentum causing it to deviate from the proper evolutionary development path that was taken by the advanced countries. Although modernization theory has been rightly assailed as ethnocentric and oblivious to the complexities endemic to the particular poor country context that mitigate against growth and development, it has some relevance to Jamaica in that Jamaicans have contributed to their country's agricultural underdevelopment. Jamaica's internal negligence is significant and should be addressed by a tripartite coalition of government, industry, and civil society with immediacy and urgency. Jamaica's internal negligence stems from several shortcomings, all tied to the

⁴⁷⁷ Weiss 2003, 1.

⁴⁷⁸ See Appendices F-I for additional illustrative tables and graphs.

country's status in the world trading regime as a plantation economy, which has fostered complacency with the status quo. These include the lack of an appropriate development model; the undervaluing of agriculture as a development priority; the weak nature of the state; the inequitable distribution of land, which marginalizes the highly productive small farmers and negates their contribution to national production output; and an overwhelming inertia and lack of political will for change. These shortcomings are anathema to sustained national development and have sprouted a number of constraints that perpetuate underdevelopment and external dependency. Persons interviewed on the ground in Jamaica had much to say about the ways in which Jamaicans have contributed to their country's underdevelopment. A majority of interviewees cited the following factors as the most pressing internally-motivated constraints on agricultural development:⁴⁷⁹

- inadequate and/or inappropriate use of technology;
- too much emphasis on outdated, unable to compete traditional export products (i.e., sugar and bananas) and too little on the country's unique non-traditional crops;
- inadequate emphasis placed on research and development (R&D);
- lack of irrigation, especially for the farming majority toiling in the hills;
- poor farming infrastructure, especially roads for transporting goods from farmgate to market;
- high rate of crime, especially predial larceny;
- seemingly intractable dependence on imported food, especially carbohydrates (i.e., rice, cornmeal, and flour) for domestic consumption;
- government shortsightedness, inaction, and/or malfeasance;
- government's downgrading of agriculture to prioritize tourism and services;
- private sector apathy and dependence on government to mobilize growth when industry, not government, should be the driver of economic development;
- government's too rapid acceptance of structural adjustment conditionalities that marginalized agriculture;
- commodity marketing boards weakened by structural adjustment commitments;
- high cost of capital due to prevailing high interest rates which makes attaining funding for retooling prohibitive;
- high cost of inputs, most of which must be imported;

⁴⁷⁹ The factors are not listed in any particular order.

- public policy burdened by social concerns (i.e., the sugar industry is artificially maintained as the country's largest employer of labor);
- dependence on preferential trade arrangements as export vehicles;
- inadequate supply of primary goods to meet quotas under preferential trade agreements (PTAs) and supply agro-processors; and
- lack of effective, integrated distribution and marketing systems.

Consistent with Cardoso's conception of poor country development as associated dependent development due to a confluence of internal and external forces that predisposes poor countries to underdevelopment or, at best, limited development derived from that attained by their rich country metropolises, this research asserts the following forces as the most persuasive explanatory variables for Jamaica's agricultural deterioration and underdevelopment. Because external challenges can overwhelm any product the country manages to produce with or without the presence of internally-motivated constraints, external variables are deemed to have more explanatory force.

Externally-driven constraints:

- Rich country tariff barriers and agricultural production and export subsidies which encourage overproduction of surpluses that are shipped to poor countries like Jamaica and sold at artificially low prices that undermine domestic production, productivity, and competitiveness;
- Too-rapid trade liberalization under IMF/World Bank mandated programs which imposed structural adjustment conditionalities without sufficient due diligence regarding the potential societal and economic consequences of the liberalization; and
- Food dumping under food aid programs, a corollary of rich country agricultural subsidization, which undermines poor country production, productivity, and competitiveness.

Internally-motivated

- Apathy and complacent dependence on PTAs for their guaranteed high price points for primary commodity exports;
- Too little attention paid to unique, non-traditional farm products and agro-processing as the next logical step forward beyond production/export of primary commodities; and
- An inappropriate development model that is based entirely on narrow structural adjustment policy dictated by neoliberal ideals with little consideration for local particularities that necessitate unique treatment. This development model has marginalized Jamaica's agriculture sector, its small farmers in particular.

Taken together, these constraints have institutionalized the plantation economy in Jamaica, exacerbated its external dependency, and limited its development potential to associated dependent development. Given the magnitude of its external dependency and underdevelopment, Jamaica should realistically assess its ability to compete in the knowledge-based world trading regime with an economy that is based largely on tourism and productive sectors grounded in primary production for export. Jamaica definitely needs to acknowledge tourism's vulnerability to external shocks, the inevitable exhaustion of its bauxite/alumina stores, and the challenges to preferential trade arrangements upon which its major agricultural exports depend. To compete more effectively in the world trading regime, Jamaica must build on its natural comparative advantage in agriculture by diversifying targeted production to include niche non-traditional products, cultivating a stronger agro-processing sector to add value to the country's agricultural exports and build stronger backward linkages to farmers and forward linkages to the tourist, bauxite, and manufacturing sectors. If done properly, and if externally-driven constraints are moderated, these efforts should increase the country's earnings in world trade and facilitate sustained, self-reinforcing development.

Chapter 5

Agriculture, Trade, and Development: The Way Forward for Jamaica

It takes a certain brashness to attack the accepted economic legends but none at all to perpetuate them.
So they are perpetuated.

John Kenneth Galbraith, *The Liberal Hour*, 1960

Political sovereignty is but a mockery without the means of meeting poverty and illiteracy and disease.
Self-determination is but a slogan if the future holds no hope.

John F. Kennedy, 1961

Emancipate yourselves from mental slavery, none but ourselves can free our minds.

Bob Marley, *Redemption Song*

Overview

Agriculture is a key component of most countries' economies due to its significance to food security and culture. Jamaica is no exception. However, agriculture's significance in the Jamaican political economy goes beyond its cultural and food security implications; it is a matter of survival for many Jamaicans. Consequently, the sector's underperformance has major implications for Jamaica's socio-economy, including government, industry, and society. Unfortunately, despite its ideal conditions for agriculture—abundant lands, fertile soil, favorable climate, and lots of cheap labor—Jamaica's agricultural products no longer command the kind of clout and prices in global markets that it once did. The neoliberal world-trading regime is extremely inhospitable towards developing country agriculture. As discussed in Chapters 3 and 4, contradictions pervade the regime from within and without. These contradictions hastened the massive decline that has befallen Jamaica's agriculture sector over the past 30 years. This chapter argues that Jamaica must assess the reasons for this decline and take steps to reverse it in order to propel development that is sustained and self-reinforcing, and not the associated

dependent development grounded in the plantation economy to which it has grown accustomed.

Sadly, whereas Jamaica's agriculture is declining, the country has a rapidly growing informal economy that sustains farmers displaced from agriculture as well as the country's countless other unemployed persons. According to an official of Grace, Kennedy, and Company, "we have developed a sophisticated informal sector to escape the strictures of the formal economy. This informal economy involves everything from tax evasion, illegal importation, and general operation outside of the official system. It accounts for 50% of our economic activity and accounts for the visual signs of prosperity, for example the ubiquitous cell phone and plethora of imported Japanese cars. It's the formal economy that is not in good shape."⁴⁸⁰ A local pundit classified Jamaica's economy as a "ghetto" economy. In his words,

The Jamaican national economy has just too many of the features of the ghetto economy, trapping it in the no-growth and poverty conditions which have come to be the persistent state of affairs...The ghetto economy is largely an informal economy. Government regulatory mechanisms are weak and ineffective, or absent. People live by beating the system, indeed are marginalised rather than included by the system. A recent study, which got a lot of media play, is estimating the 'legal' informal economy at 43.5 per cent of GDP. The study divided up the informal sector into three categories: Pure tax evasion, the irregular economy which covers the production of legal goods and services in unregistered and untaxed operations, and illegal activities. That study did not attempt to measure the strictly illegal economy, that is, economic activities which not only breach tax and regulatory laws but the criminal law. When this criminal economy is tacked on to the estimate of the size of the informal economy, clearly the total size or the informal sector exceeds 50 per cent of real GDP just like in the ghetto.⁴⁸¹

The remittance is a key component of Jamaica's informal economy. Jamaica's vibrant informal economy, fueled largely by remittances sent by expatriate Jamaicans to

⁴⁸⁰ From the researcher's personal interview transcript.

⁴⁸¹ Martin Henry, "The Ghetto Economy," *Jamaica Gleaner*, 23 January 2003.

family and friends in the home country, accounts for the appearance of individual and national wealth one perceives when viewing the conspicuous consumption of vehicles imported second-hand from Japan at 100 percent duty and the rampant utilization of U.S.-style food/clothing/lifestyle practices throughout Jamaica that is incomprehensible when evaluated on the basis of the country's officially reported low per capita gross domestic product (GDP) statistics. In the words of a *Jamaica Gleaner* editorialist, "Jamaica is in the throes of a perennial economic crisis that has benefited enormously from the hundreds of millions of vital U.S. dollars, which have shored up our net international reserves, kept many families from starving, and allowed us to continue with our failed economic policies. Remittances, some no doubt coming from the drug trade, are major sources of foreign exchange and constitute one of the pillars of the Jamaican economy."⁴⁸²

Jamaicans displaced from farming and other industries have been fleeing Jamaica in droves to find sustainable work abroad in countries like the USA, England, and Canada. Fortunately for those they leave behind, they have been generous with their earnings and religiously send money home. According to the Bank of Jamaica, US\$1.15 billion in remittance income flowed into Jamaica in 2002. In comparison, tourism, Jamaica's leading source of foreign exchange, earned approximately US\$1.8 billion while agriculture earned a meager US\$108.8 million for the first three quarters of 2002, January to September.⁴⁸³ Although a significant source of national revenue, the remittance is not a productive activity. Indeed, remittances are completely divorced from productive activities such as agriculture and manufacturing upon which natural resource

⁴⁸² Delroy Chuck, "Exporting Human Capital," *Jamaica Gleaner*, 29 January 2003.

⁴⁸³ Sugar is no longer factored as part of agriculture in national income reporting. It is now factored as manufacturing income. Sugar earned US\$66.2 million in 2002.

economies like Jamaica should be grounded in order to thrive.⁴⁸⁴ “The remittances gained and eventually sent constitute little more than social welfare benefits, while the creative effort and abundant energy of our people are used to build and fortify the economies of the countries in which they work...[C]ountries that consistently depend on remittances will forever remain poor.”⁴⁸⁵ Clearly, Jamaica’s growth and development is predicated on its production and export of goods—both primary and secondary—and services, not the plantation economy, remittances, or a purely tourism-based economy.

Why Jamaica Must Transcend the Outmoded and Injurious Plantation Economy Model

As a primary commodity producer grounded in the plantation economy driven by the mutually reinforcing forces of domestic clientelism and external dependency, Jamaica faces the predicament of associated dependent development in a world-trading regime and global economy girded in the neoliberal ethos of development. Unfortunately for Jamaica, which has had stagnant growth for over a decade and is behind the technological curve, global commerce is now predicated on technological innovation and value-added production consistent with the knowledge based economy. Also working to Jamaica’s detriment is the sad fact that the world-trading regime sanctions rich country trade protectionism in sectors of export interest to poor countries—i.e., primary commodities—which virtually ensures poor country economic marginalization. As George Beckford

⁴⁸⁴ This argument can also be made for tourism.

⁴⁸⁵ Delroy Chuck, “Exporting Human Capital,” *Jamaica Gleaner*, 29 January 2003. The IMF agrees. According to a recent IMF working paper, remittances have a negative effect on economic growth and create a significant moral hazard problem. “Transforming remittance flows into development capital would require changing the very nature of remittances, from compensatory transfers to investments.” See Ralph Chami et al., *Are Immigrant Remittance Flows a Source of Capital for Development* (Washington, D.C.: International Monetary Fund, September 2003).

portended in *Persistent Poverty*, metropolitan enterprises—i.e., multinational corporations domiciled in metropolitan countries—specializing in diversified production in vertically-integrated systems are de rigueur in the new global economy. Because Jamaica has always been an appendage of some metropolitan country and host to any number of metropolitan enterprises, it has achieved a measure of development that is tied to that attained by its metropolitan country trading partners and affiliates. However, the verdict is out on whether this is sustained, self-reinforcing development that affords the country and its citizens economic viability that emanates from Jamaica's own productive activity, versus what it imports using valuable and often limited foreign exchange earnings or the peddling of economically vulnerable tourism.

Jamaica, to its merit, produces several agricultural and mineral goods for export. Yet, contrary to the logic of trade by comparative advantage, it remains underdeveloped and poor. A key reason for this is the type of good Jamaica tends to produce for export. This good, the primary commodity, once a valuable source of income during the pre-industrial age is no longer as valuable in today's post-industrial knowledge-based economic system in which countries trade by competitive, not comparative, advantage facilitated by income earned from capital mobility and massive investment into strategic domestic sectors. Agriculture, by virtue of its importance to food and national security, is one of these strategic sectors. As discussed earlier in this paper, rich countries subsidize their agriculture sectors heavily. Poor countries simply cannot compete. Even if they could afford to do so, their IMF and World Bank structural adjustment agreements and the WTO Agreement on Agriculture preclude most from subsidizing their stakeholders in agriculture and other economic sectors. To be sure, the playing field in global commerce

is titled against poor countries. Unfortunately, poor countries exacerbate the situation from within by privileging certain classes and their economic interests, which are often aligned with external forces, while perpetuating systems of inequity against other, less powerful groups. Jamaica's small farmer belongs to the latter class. Liberalized "free" trade as practiced in the global economy has decimated Jamaica's overall agriculture sector, but the system has affected the small farmer disproportionately from both without and within. This has had serious consequences for Jamaica's productive basis and its ability to transform the national economy from primary commodity plantation producer/exporter to the value-added manufacturing bastion it needs to become to compete effectively in the world-trading regime and afford all its people a sustained, self-reinforcing measure of development, social welfare, and quality of life.

Many Jamaicans—bombarDED as they are by messages from advanced and transition economies via cable television and the Internet of the imperative of technological innovation, investment, manufacturing capability, and research and development—recognize the need for this economic transformation as a prerequisite for moving the country and its people forward. A Sugar Industry of Jamaica official stated in an interview that Jamaica needs to move towards vertical production ending with value added agro-processing. "We need to try to be as close to self-sufficient as possible in order to use self-sufficiency as a bargaining weapon to stem the high prices of imports. Agriculture is very important but it's how we move with it. We cannot accept it as a basic industry."⁴⁸⁶ However, with the exception of a few companies such as Grace Kennedy, Walkerswood, Lasco, and Red Stripe, Jamaica's politico-economic elite has not made the transition to value-added production a priority of policy or action. On the

⁴⁸⁶ From the researcher's personal interview transcript.

contrary, they seem stuck in and wedded to the plantation economy. A Bustamante Industrial Trade Union (BITU) official interprets the holdup as follows:

The machinery is not in place so there is lots of wasted potential. Consider, for example, the many fruits and vegetables that grow wild in Jamaica that bear annually, fall off the trees, and rot on the ground. We could and should be harvesting and processing these fruits and vegetables for both local use and export instead of allowing them to go to waste. Unfortunately, the high utility costs in Jamaica have affected production. The unstable \$Ja also detracts interest in a transformation to value-added production. Moreover, poor infrastructure (i.e., frequent power cuts) retards manufacturing. Not surprisingly, companies like Grace Kennedy are importing their raw products or doing their value-added production outside of Jamaica. When I was last in Miami, I bought a can of Grace's coconut juice and was shocked to see on the label that it was produced in the Philippines.⁴⁸⁷

According to a principal of Dairy Industries, Limited, the transition would be beneficial but is not likely. "Our regulatory bodies are not even aware of their roles and function when they should be the agents of change. They are dragging their feet and are oblivious to the looming timeline. The Bureau of Standards, for example, is not properly equipped as an auditor, so how can it lead the national standardizing effort? The private sector has a vested interest and will make sure the transition occurs. But government bureaucracy and red tape impedes private sector efficiency."⁴⁸⁸

The fundamental question at issue is why and how Jamaica's power structure can dither at a time when national production and productivity are plummeting, the debt burden is escalating, the informal economy (including the illicit drug economy) is more vibrant than the formal economy, and large numbers of people are consigned to subsisting on the goodwill of friends and family abroad who faithfully send them remittances. In the words of a local pundit,

⁴⁸⁷ From the researcher's personal interview transcript.

⁴⁸⁸ From the researcher's personal interview transcript.

Just how Jamaica, a small economy, plans to survive in a globalised world is definitely the most fundamental issue to engage and focus our minds. The era and challenge of globalisation demand that Jamaica overhauls its economy to find ways and means to create and increase wealth and provide the economic environment for its producers to compete globally. Jamaica cannot continue to live on charity and on the present shameful economic path, with our leaders prancing on the world stage with begging bowls in hand, seeking loans, welcoming remittances, accepting grants and negotiating preferential and needed trade concessions.⁴⁸⁹

Clearly, something must be done to hasten the country's development beyond subsistence on borrowed funds, remittances, tourism, and income earned from preferential trade.

Jamaica should not continue to bank its economic future on such unpredictable and, ultimately, unsustainable sources as the charitable goodwill of metropolitan countries and economic activities like tourism that are not grounded in productive activity. Neither source is guaranteed in the new global economy, which disparages special and differential treatment for poor countries in the spirit of liberalization and nondiscrimination and renders economic activity that is entirely reliant on metropolitan country vacationers highly unstable and transitory due to the plethora of recently mandated post 9-11 antiterrorism legislation. Certainly, in our post 9-11 age where people worldwide are afraid to travel for fear of being attacked, hijacked, or commandeered by terrorists in world regions they perceive as unstable or rogue, it is foolish indeed to invest a country's hope for economic growth and development on tourism. This is especially true for Jamaica because many potential visitors deem it unstable, rogue, and therefore unsuitable as a vacation destination due to its proximity to, and activity in, the Latin American drug economy, as well as its notoriously high crime rate. Hence, in the words of Patricia Francis, president of the Jamaica Promotions Corporation (JAMPRO), Jamaica must find a sustainable—i.e., rooted in both primary

⁴⁸⁹ Delroy Chuck, "Survival of Small Economies," *Jamaica Gleaner*, 20 August 2003.

and value-added production—way to earn its way out of its predicament of underdevelopment and dependency.

Lamentably, however, Jamaica seems to be stuck in primary production for export—i.e., the plantation economy. In the words of a Statistical Institute of Jamaica official, “Jamaica is too invested in primary production. There is not enough agribusiness going on. We could do more. Not only are we under-producing, primary goods are not fetching the prices they used to. This is impacting our ability to earn.”⁴⁹⁰ According to an official of the Banana Industry Board, Jamaica’s entire agriculture sector, both production and export, is the outcome of the country’s colonial past. “Our major products were what the colonial masters wanted so that’s what we did. We are now locked into these products and having our prior masters as our major trading partners because after independence it was difficult to revolutionize the entire productive and trading structure while forging a new nation. Eventually our ability to compete eroded because these (former colonial) trading partners no longer desired our traditional products.”⁴⁹¹

Indeed, the plantation economy served Jamaica well in the world-trading regime as long as Jamaica focused on producing the primary goods that met rich country needs for the tropical foodstuffs and industrial inputs that they could not or would not deign to produce. Jamaica’s agricultural goods fared well locally and in global markets as long as Europe and the U.S., the country’s primary trading partners, lacked the capability for producing comparable products or otherwise needed Jamaica’s foodstuffs. When metropolitan countries no longer needed Jamaica’s products because they had devised

⁴⁹⁰ From the researcher’s personal interview transcript.

⁴⁹¹ From the researcher’s personal interview transcript.

methodologies for producing comparable goods at home or in lower cost countries, external financing for agriculture evaporated and Jamaica's agricultural market share in both its export and local markets evaporated. This process of economic marginalization from without manifested in three key stages. Firstly, Europe and the U.S. began producing sugar beet, the primary alternative to cane sugar, and eventually sugar substitutes such as saccharin and aspartame. Secondly, U.S. agribusiness MNCs began cultivating bananas for export in low cost Central and South American countries such as Costa Rica and Ecuador. Thirdly, Europe and the U.S. institutionalized massive systems of domestic and export agricultural subsidization that encourage overproduction in these countries and finance export of their farm surpluses and waste to developing countries like Jamaica to be sold at artificially low prices against which already besieged poor country farmers cannot compete. Jamaica's small-scale farmers, who produce domestic food crops that are vulnerable to import competition—i.e., yam, cassava, dasheen, and other carbohydrate sources which Jamaicans have historically rejected in favor of cheap imported rice, flour, and cornmeal—have long faced this dislocating competition from First World agriculture. Consequently, it is not surprising that the situation aroused widespread public attention only when the world-trading regime challenged the hegemony of Jamaica's plantation elite now facing imminent termination of preferences that have shielded traditional export crops, namely sugar and bananas, from competition since independence.

By all accounts, Jamaica's economic elite has not been an effective agent of change because it expects government, not business, to engender development.

However, the private sector has traditionally been the agent of agricultural development.

“Historically, it is the private sector (operating within a positive economic environment) which has led development in agriculture in the developed world and yet its significant involvement in agriculture in much of the developing world is limited – restricted to few countries and few, normally export-oriented, enterprises.”⁴⁹² According to a Coffee Industry Board official, Jamaica’s private sector is engaged only when something affects it personally—basically a ‘what’s in it for me’ attitude. “The private sector is not engaged in the WTO negotiations. It is sleeping and when it wakes up it will be too late. Government’s negotiations are not getting enough private sector input to shape the negotiations in business interests. The private sector depends too heavily on Government for protection and handholding. Private sector apathy is a big constraint on Jamaica’s development.”⁴⁹³ An official of the Jamaica Confederation of Trade Unions concurred: “The private sector still thinks we’re in the industrial age. With a few exceptions (Grace, Appleton, Sandals, etc.) most businesses still have not grasped the requirements for competing in the new global economy. The private sector thinks Government has the power to protect them. It’s a realization issue.”⁴⁹⁴

Eric Williams presented one explanation for the relative impotence of Caribbean business elites in the world-trading regime:

The strategic business decisions affecting the economies are made outside the national boundaries—by foreign companies and by large international firms. The original mercantilism of the seventeenth and eighteenth centuries has been replaced by the neo-mercantilism of the second half of the twentieth century. Instead of the British or European merchant firm and the absentee sugar plantation owner, the allocation of resources in the Caribbean is now controlled by the large international corporations...The locus of economic decision-making and the dynamics of economic growth

⁴⁹² John Meadley, “A More Significant Role for the Private Sector in Agricultural Development,” *Developing World Agriculture* (London: Grosvenor Press International, 1990), 14.

⁴⁹³ From the researcher’s personal interview transcript.

⁴⁹⁴ From the researcher’s personal interview transcript.

continue to rest well outside the territorial boundaries of the Caribbean territories.⁴⁹⁵

Local elites go along with the program in exchange for power and influence on the ground. In the process they are lulled into a sense of complacency and satisfaction with the status quo as long as they are guaranteed their share of the pie in a “big man, little world” scenario. This is not surprising given the widely purported parasitic relationship that exists between Jamaica’s business elite and the country’s economy. According to a local pundit, “[t]he black middle class controls the PNP and comprises the vast majority of central Government employees as well as independent professionals. This is a group relatively isolated from the real economy. Their parents were at the core of the rural small farming economy but they are not. Their entire existence is premised on a portion of the wealth which others produce being re-distributed to them. This they achieve by controlling the state (not just 'the Government') and using taxation to finance substantial real improvements in their standard of living.”⁴⁹⁶ However, Jamaica’s elites are awakening from their fog as it becomes increasingly obvious that “free” trade as currently practiced will obliterate Jamaica’s producers if it is not managed by developing country governments acting in concert with the private sector and labor in the interest of civil society, not individual self-interest.

In general, Jamaica’s elites tend to subscribe to the logic of neoliberal development. However, whereas reinvestment into the local economy is a fundamental tenet of liberal development theory, Jamaica’s elites have not reinvested into the country’s productive sectors like they should to propel self-reinforcing development. They would rather invest in government paper to capitalize on the exorbitantly high

⁴⁹⁵ Williams 1970, 500-501.

⁴⁹⁶ Don Robotham, “Sacrificing for Ja’s Development,” *Jamaica Gleaner*, 11 May 2003.

capitalization rates set by Government than retool their businesses and, by implication, Jamaica's industries for effective competition in the world-trading regime. This does not surprise those familiar with private sector investment tendencies. "Despite the apparent attributes of the private sector, its participation in the developing countries – especially in the natural resource sector, is limited. Why? Basically, the problem is risk and choice. The private sector can choose where it will put its resources and in general they will go where the risk is lowest – or where the reward/risk ratio is highest."⁴⁹⁷ A Jamaica Agricultural Development Foundation official surmised that Jamaica's productivity is at an all-time low because investment in the productive sector is not taking place; given current high interest rates investors would rather invest in government paper than in agriculture with all its associated risks. According to a local citrus businessman who has reinvested, "we have to constantly reinvest because we have a vision of where we want to go. But, looking over the past 12 years, we would have been better off if we had left that money in the bank and reaped the benefits of the high interest rate regime. But we have not prioritized individual and/or corporate profit over national development because that's ultimately bad business. The risk-return-effort calculation dictates a company's willingness to reinvest in the local economy and community."⁴⁹⁸

For many years, decades even, the private sector got away with not innovating, retooling, and reinvesting because Jamaica's markets were relatively closed and the population relied on their output for domestic consumption. However, their subscription to neoliberal development theory may have backfired on them. Neoliberal policy led Jamaica to deregulate, privatize, and liberalize first under structural adjustment and

⁴⁹⁷ John Meadley, "A More Significant Role for the Private Sector in Agricultural Development," *Developing World Agriculture* (London: Grosvenor Press International, 1990), 15.

⁴⁹⁸ From the researcher's personal interview transcript.

ultimately under the WTO, thus opening the country's markets to a flood of cheap imports and threatening the economic elites' very viability in the face of "free" trade. Jamaica's economic elite must now retool, revamp, and reinvest in the country's productive sectors, agriculture included, or face obsolescence in the global economy. The private sector must lead the charge in diversifying Jamaica's agriculture sector and expanding agro-processing. Key industry functions in need of stepped-up private sector participation include input supply, production, marketing and processing, and transport and warehousing.⁴⁹⁹ The private sector must act quickly because Jamaica's continued emphasis on primary commodity production for export to its historical trading partners will compound its marginalization in the world trade regime by developed country agricultural subsidization, food dumping, tariff barriers, and sanitary/phytosanitary measures used as non-tariff barriers. The phenomenon of unequal exchange will manifest in agricultural production and trade precisely as the dependistas conceptualized it. Moreover, the phenomenon will ultimately drive increasing numbers of local economic elites out of business because they can no longer compete in the regime they collaborated with external forces to institute in Jamaica, presumably to their ultimate benefit.

Outlook for Jamaica's Agriculture Sector

Faced with the reality of harmful advanced country agricultural protectionism, the impending termination of preference, and its own negligence, Jamaica has had to face up

⁴⁹⁹ John Meadley, "A More Significant Role for the Private Sector in Agricultural Development," *Developing World Agriculture* (London: Grosvenor Press International, 1990), 118-19.

to the reality of its declining agriculture sector and poorly performing agricultural industries that have been the cornerstone of its economy for centuries. The challenges have prompted some experts, both local and foreign, to dismiss the sector's potential for contributing to national development. However, many advocates remain despite widespread pessimism. A Ministry of Foreign Affairs and Foreign Trade official outlined the manifold reasons why agriculture is so important in and to the Jamaican economy:

The notion of foreign exchange earnings is important but is not all encompassing in terms of national priorities. There is also the matter of social and cultural considerations. There are two key aspects of agriculture: foreign exports and local displacement. The more we produce the less we spend on imports. But productivity depends on the cost of production, which is very high in Jamaica. Agriculture has economic value as well as social and cultural value. In rural areas agriculture is the mainstay of the economy. Hence there will be severe repercussions in Jamaica's rural areas if agriculture goes. Sugar in particular is under threat. Its earnings under preferences are not insignificant. Plus it contributes greatly to employment and supplementary activities in a large multiplier effect throughout the industry. It is not so simple to shut down the industry and expect another to easily take its place. The prevalence of tariff peaks and escalation in world trade has hampered our transition to value-added production. Hence our strategy is to prolong preferences as long as possible in order to delay the demise of sugar and other uncompetitive agricultural industries and use the extended transition time to increase national competitiveness via diversification.⁵⁰⁰

The comments posed by a Ministry of Commerce official during a personal interview are also striking. He portended a dismal outlook for Jamaica's agriculture sector. "We have been primary producers and price-takers for too long. Nothing can be done to facilitate competition with imports. Jamaica will always have an agriculture sector but it will never again earn the type of foreign exchange that it did in the past and

⁵⁰⁰ From the researcher's personal interview transcript.

of which it dreams for the future.”⁵⁰¹ Another interviewee, this one a foreign expert contracted by the U.S. Agency for International Development (USAID) to help build Jamaica’s trade capacity and increase its economic competitiveness, pronounced Jamaica’s traditional export agriculture “dead.” He noted that Jamaica’s agriculture is suffering from the increased openness wrought by trade liberalization in that Jamaican producers, like those of other Caribbean countries, simply cannot get their costs down to competitive levels in comparison to lower cost developing country agricultural exporters. In his opinion, Jamaica’s agricultural producers, like the producers in other Jamaican enterprises, suffer from the inability to innovate and think outside the box of the way they have done things for decades, even centuries, and continue to utilize production methodologies that are grossly inefficient and unproductive in today’s knowledge-based and technology-driven global economy.

However, not everyone is this pessimistic. Indeed, a majority of Jamaican interviewees believe that a strong, productive agriculture sector is essential for Jamaica’s development. Therefore, the government should prioritize agriculture and not redirect expenditure from agriculture to other strong foreign exchange earning sectors, as has been its practice, particularly with regards to tourism. A Rural Agricultural Development Authority (RADA) official commented that agriculture is a mainstay because it is not as vulnerable to external shocks. Moreover, the percentage of the populace that depends on agriculture is understated because agriculture’s contribution to GDP is based on the export of primary production; sugar and processed agricultural goods are included in manufacturing statistics. Therefore, agriculture drives a lot of industries and there is a lot of opportunity for development of agro-industry. Indeed, “we need to replace imports

⁵⁰¹ From the researcher’s personal interview transcript.

with local production to improve the local economy.”⁵⁰² A local small farmer, frustrated with the sector’s state of decline, argued that agriculture simply cannot disintegrate:

If agriculture goes down the country will die. We have to feed ourselves. What happens when foreign exchange gets so expensive that we can’t buy imported food? The U.S. is also flooding us with subsidized food. The population needs to be more educated about the need to eat what we grow. Michael Manley was on the right track [with his Eat What You Grow program] but nobody would listen. Without food we can’t live; we can’t eat money. It’s a shame that prime agricultural lands are now being used to build housing. Also, the U.S. farmworker program, which uses Jamaican migrant labor, robs us of our workers. But I understand why they go. They can make a lot more money than they ever could in Jamaica and come back and build a nice little house where I would have to work years here to do the same thing.⁵⁰³

Two Ministry of Agriculture officials offered hopeful views on the sector’s potential.

The first argued that Jamaica’s agriculture sector is not obsolete because:

We have the capacity and capability. We have lands that should be cultivated. Moreover, food security mandates that Jamaica produce some of the food it consumes, particularly vegetables, fruits, meats, fish, and some dairy. That is not to say that we shouldn’t import other foods that we cannot produce efficiently. But basic human respect dictates that countries produce some of the food their people eat. Jamaica also has capability to produce for export, namely coffee, cocoa, spices, indigenous cuisine, etc. Traditional products should be produced more for domestic consumption. We must change the focus of these industries to emphasize their byproducts for export—i.e., for sugar: rum, refined sugar, and confectionaries. There is also a strong link between agriculture and tourism to be further leveraged with opportunities to promote indigenous Jamaican cuisine.⁵⁰⁴

The second acknowledged that while some industries are obsolete, the entire sector should not be written off.

Indeed, agriculture is still the largest employer of labor of any sector and the largest user of land space. However, we must rationalize the whole sector and be willing to accept that we may have to eliminate and/or downsize some sub-sectors such as banana and sugar. But if this occurs,

⁵⁰² From the researcher’s personal interview transcript.

⁵⁰³ From the researcher’s personal interview transcript.

⁵⁰⁴ From the researcher’s personal interview transcript.

what will happen to our thousands of acres of land that were previously in sugar and bananas and the workers that worked on these lands? This conundrum is the reason why agriculture will always have a place in Jamaica. Nonetheless, we must rationalize the sector by evaluating what is marginal or not and shift from marginal industries to promising ones. Some people and places have made this shift—i.e., some former sugar lands are now in shrimp mariculture. Expenditure in agriculture must continue at a level in keeping with the sector’s redirected potential given global trends. Government must increase its emphasis on agriculture but in so doing, insist that production is efficient and ensures a good return on investment.⁵⁰⁵

The main government-funded agricultural program is the four-year Agriculture Support Services Project (ASSP) geared at increasing the sector’s productivity and competitiveness in the export and local markets. The ASSP aims to improve agricultural research and development, extension and marketing services, and the country’s sanitary, phytosanitary, and food safety systems to better meet the increasingly stringent requirements of importing countries.⁵⁰⁶ Other government agricultural initiatives geared at enhancing crop and livestock development, agricultural marketing, and infrastructure rehabilitation include: Fruit Tree Crop, Citrus Replanting, Banana Support, Agriculture Infrastructure, Domestic Food Crop Production and Marketing, Eastern Jamaica Agricultural Support, Jamaica Milk Marketing, and National Irrigation Development.⁵⁰⁷ Key programs aimed at increasing the sector’s productivity and competitiveness include the Jamaica Agricultural Society (JAS), the Agri-Business Council (ABC), the Agricultural Credit Board (ACB), the Caribbean Agricultural Research and Development

⁵⁰⁵ From the researcher’s personal interview transcript.

⁵⁰⁶ The U.S. Food and Drug Administration (FDA), for example, issued regulations in October 2003 requiring all manufacturers and distributors to register with the agency, and all food importers to notify it when they export products to the U.S. These regulations are in accordance with the bioterrorism law that Congress passed in 2002. These regulations require documentation of where imported food is grown and processed and gives the FDA authority to intercept food imports at U.S. borders. See Marc Kaufman, “New Food Import Rules Issued: FDA Hopes Regulations Will Protect Shipments From Terrorists,” *Washington Post*, 10 October 2003.

⁵⁰⁷ *Economic and Social Survey Jamaica 2002* (Jamaica: Planning Institute of Jamaica, April 2003), 8.3.

Institute (CARDI), the Jamaica Agricultural Development Foundation (JADF), the Inter-American Institute for Cooperation on Agriculture (IICA), the Rural Agricultural Development Authority (RADA), the Agricultural Development Corporation (ADC), the Caribbean Regional Human Resource Development Program for Economic Competitiveness (CPEC), and the Jamaica 4-H Club.⁵⁰⁸

The government is actively pursuing several strategies to enhance Jamaica's agricultural production, productivity and competitiveness. Foremost among these are: 1) repair and/or provision of infrastructure essential to agricultural activities such as roads and irrigation; 2) provision of public sector development bank funding; 3) provision of research, development, and extension services; 4) development of a coordinated regulatory framework to facilitate exports; and 5) implementation of projects and programs geared at improving production, productivity, and competitiveness in the sector.⁵⁰⁹ The government recognizes that the country's skewed land distribution has had a deleterious impact on national and agricultural production, productivity, and competitiveness. Consequently, it has also initiated new land reform initiatives to redress unequal land tenure and distribution. These include: Project Land Lease, Project Food Farms; Self-Supporting Farmers' Development Programme, Land Development and Utilization Act, and a Land Reform and Rural Development Programme.⁵¹⁰ However, given the continued disparity in the size, slope, and infrastructural capacity of land holdings, the efficacy of these programs remains to be seen. According to the 1996 census of agriculture, approximately four percent of Jamaica's landholders controlled 65

⁵⁰⁸ The researcher met with representatives from these and other stakeholder organizations while conducting field research in Jamaica.

⁵⁰⁹ *Economic and Social Survey Jamaica 2002* (Jamaica: Planning Institute of Jamaica, April 2003), 8.2.

⁵¹⁰ STATIN 2000, 269.

percent of the country's fertile alluvial plains land. In general, these holdings are large, flat, and accessible to infrastructural support, including feeder roads and irrigation. In contrast, 96 percent of landholders controlled 35 percent of the country's agricultural land comprised primarily of small, hilly plots lacking feeder roads, irrigation, and other infrastructural support and averaging approximately one acre.⁵¹¹ Business controls a large segment of Jamaica's fertile alluvial lands. At the time of the 1996 census, individuals controlled approximately 67 percent of land holdings and private companies controlled 27 percent.⁵¹² Approximately 52 percent of the land controlled by individual holders was five hectares or less while 90 percent of the land controlled by private companies was 200 hectares or more. Jamaica's skewed distribution of land is a direct outgrowth of the country's history of plantation slavery. That history manifests today in the form of the dual plantation estate/small scale farming structure in which the former occupies the large tracts of the country's most arable land while the latter occupies small segments of the country's most marginal land.

A related but distinct problem is the large amount of arable agricultural land that is uncultivated. Whereas Jamaica's hilly areas are generally over-exploited, large segments of its arable land in the coastal and plains regions are fallow or in ruinate. This makes little socioeconomic sense. Indeed, a major concern on the ground is the government's assignment of lands under its control away from agriculture to other, largely non-productive, industries—first bauxite, then tourism, and most recently housing development. An official of the Banana Industry Board stressed the following point with regards to the conversion of fertile coastal lands to tourist resorts: "Government is slanted

⁵¹¹ STATIN 1998.

⁵¹² STATIN 2000, 275.

towards tourism but tourism is too vulnerable to external forces.⁵¹³ We can't put our eggs in one basket, begging people to come here. This is still colonialism and represents a backward move towards slavery. We need to produce to earn stable foreign exchange... If people can't earn to buy it won't matter how cheap food imports are. Moreover, complete reliance on imports opens us up to dumping."⁵¹⁴ According to the 1996 census, 44 percent of farmland was cultivated in crops, 23 percent was in pasture, 21 percent was in ruinate and fallow, and the remaining 12 percent was forest, swamp land, developed real estate, or otherwise uncultivable land.⁵¹⁵ The wealth of flat, arable land lying uncultivated or occupied in non-agricultural enterprises is striking when one drives along Jamaica's northern coast and in its western interior. Stark, mined-out bauxite land dominates the northern terrain while housing development is prominent throughout the fertile parishes of St. Elizabeth and Westmoreland. In addition, large tracts of arable land overrun with weeds dot the landscape. So much idle land in a production-deficient, net food importing country with numerous land-starved small farmers defies logic and comprehension.

Agriculture's significance in Jamaica extends beyond mere statistics. To be sure, the sector is more important than is indicated by the seven to eight percent of GDP that it has contributed in recent years. Not only is agriculture a primary employer of labor, it has both backward and forward linkages to other industries and sectors. Moreover, because the rural unemployed the world over tends to migrate to their countries' city and tourist centers, agriculture is critical for containing rural-urban drift and societal

⁵¹³ Tourism's vulnerability to external shocks was particularly evident after the terrorist attacks of 11 September 2001. People around the world stopped traveling and the number of tourists visiting Jamaica plummeted for months after the attacks.

⁵¹⁴ From the researcher's personal interview transcript.

⁵¹⁵ STATIN 2002, 2.

implosion manifested by the overcrowding and heightened crime that typically accompany mass migration to already congested and volatile city and tourist centers. Agriculture has vital linkages with tourism, bauxite, and manufacturing. To be sure, the tourist sector represents a vital, albeit under-exploited outlet for Jamaica's agricultural goods. Given the relatively small quantity of locally-produced food that is currently consumed in Jamaica's many tourist hotels and resorts, much more can be done to take advantage of this relationship. As noted at the St. Mary Agri-Expo 2004 by the general manager of Beaches Boscobel Hotel, "the hotel depends on agriculture for all the products that we use because the farmers produce really great stuff that the hotel is using up, so it's partnership so we have to work together. We can't do without them and they can't do without us and that's the essence of the whole thing."⁵¹⁶

With regards to bauxite, an increasing amount of mined-out lands is being reconverted to agricultural use. Walkerswood Foods, for example, has partnered with the Inter-American Institute for Cooperation on Agriculture (IICA), the Rural Agricultural Development Authority (RADA), and the Jamaica Bauxite Institute (JBI) to reintroduce farming on mined-out bauxite lands.⁵¹⁷ Through this IICA-administered partnership, Walkerswood allocates JBI-owned land to a collective of several pepper farmers, all of whom are guaranteed a market by Walkerswood Foods for their peppers, scallion, and pimento. The project aims to introduce the drip irrigation system, implement the concept of farmer stroke marketing to support value-added production, and ingrain the system of contract farming to generate consistency of raw material supply to agro-processors. By all accounts the project appears to be successful. A farmer supplying Walkerswood

⁵¹⁶ "Business Info System to Help Farmers Market Produce," *Jamaica Observer*, 18 November 2003.

⁵¹⁷ The researcher learned about this and similar projects in interviews with representatives of IICA, Walkerswood Foods, and CARDI.

testified to its success and highlights the imperative to further exploit the symbiotic relationship that exists between agriculture and tourism:

We have gotten a fair shot supplying Walkerswood. Walkerswood will provide inputs (i.e., fertilizer) when necessary—not so for farmers producing on their own. Being in a cooperative really helps. What hampers Jamaica’s small farmers is our tendency to produce a glut—not so for us because we can always get rid of our peppers. Many small farmers don’t have a market for their products. Imports are flogging farmers because people will buy these cheaper food items. The way to help farmers is to give us a market for our products, both at home and abroad. If imports can flood into Jamaica then Government should create export markets for us as well. The tourism sector is a good place to start—it uses mainly imported food, which prevents local farmers from selling their products to the hotels. Government should see to it that the hotels buy our goods.⁵¹⁸

IICA is also cooperating with JBI and CARDI to introduce goat farming in Clarendon. It is funding Ja\$20 million to increase the production and productivity of goats to address national food self-sufficiency. IICA plans to supply Clarendon farmers with goats and anticipates a multiplier effect to satellite areas. The project aims to increase domestic production of goat meat, milk, and milk derivatives (i.e., cheese) to supply both the domestic and export markets. As with the bauxite and tourism sectors, the possibilities for forward linkages with the manufacturing sector are endless. The most promising of these is value-added production that builds upon Jamaica’s plentiful raw flora and vegetation and their byproducts to produce refined end products that are by definition capable of earning significantly more on export markets—barring the imposition of tariff escalation by importing countries—and which will reduce the

⁵¹⁸ From the researcher’s personal interview transcript.

country's import imperative, thus saving valuable foreign exchange which should be reinvested in production or earmarked for domestic savings.⁵¹⁹

National Priorities for Agriculture

The government, while not abandoning its traditional advocacy for the continuation of PTAs, is gradually shifting the focus of its trade policy from the preservation of preferential market access to a more proactive approach aimed at developing its economic sectors, including agriculture, to more effectively meet the challenges of globalization and liberalization.⁵²⁰ This policy, which guided external trade in 2002, has three objectives: “to create new and diversified exports for market penetration; to steadily reduce the share of imports relative to outputs; and to increase the flow of net positive returns from overseas assets that have been generating significant remittances and other capital flows for Jamaica.”⁵²¹ The government's goals for agriculture are as follows:⁵²²

- Increase and sustain its contribution to the general growth and development of the country;
- Increase production and productivity in order to:
 - make a substantial contribution to meeting the food and nutritional requirements of the population,
 - reduce reliance on food imports through greater domestic food production,

⁵¹⁹ Neville Duncan, director of the Sir Arthur Institute of Social and Economic Studies at the University of the West Indies (UWI) Mona, has implored Jamaica to increase its national savings rate from 20 percent of GDP to 35-40 percent of GDP in order to attain social transformation and development. See “Jamaicans Should Increase Savings to 40 Percent,” *Jamaica Gleaner*, 10 October 2003. In the wake of financial liberalization of the 1980s and increasing liberalization and globalization in the 1990s, numerous vehicles for saving and investment exist in Jamaica. These include commercial banks, merchant banks, trust companies, building societies, credit unions, insurance companies, unit trusts, and securities dealers as well as the Bank of Jamaica (BOJ), the Financial Services Commission (FSC), the development banks, and the Stock Exchange. For more information see the Bank of Jamaica's *Quarterly Monetary Policy Report*, vol. 3, no. 4.

⁵²⁰ PIOJ 2003, 4.1.

⁵²¹ PIOJ 2003, 4.1-4.2.

⁵²² See the Ministry of Agriculture's website at <http://www.jis.gov.jm/agriculture/index.asp>.

- expand exports of agricultural commodities to maximize foreign exchange earnings,
- encourage agro-industrial development;
- Improve the quality of rural life by increasing farm incomes and by expanding rural infrastructure and services;
- Foster the development of appropriate technology through research and development and ensure the transfer of this technology to farmers;
- Stem environmental degradation in general and in the critical watershed areas in particular, and pursue development strategies aimed at achieving long-term conservation objectives and promoting the efficient use of natural resources;
- Continue to provide training opportunities for youth in agriculture; and
- Reduce unemployment, under-employment and minimise rural-urban migration by creating increased employment opportunities in agriculture and related activities.

These are ambitious goals to say the least. Accomplishing them will require not only a massive investment of resources—financial, human, technological, and institutional—but also a collaborative effort imbued with significant will among stakeholders across the public and private sectors as well as civil society. Government-industry-civil society collaboration—with each group playing its natural role effectively and efficiently—is a crucial component of Jamaica’s agriculture and overall development strategies. An official of the Jamaica Agricultural Development Foundation explained:

Jamaica’s development requires a proper national agriculture policy. To preempt the problem of investor uncertainty government needs to be clear about the assistance it will provide farmers that is not subject to challenge at the WTO and identify and make available the necessary technology. Ideally, government should identify needed technology and the private sector should provide it. At the end of the day, agriculture must be treated as a business because investors need to have a degree of certainty about the stability of the sector in order to make rational investment decisions and be confident that they will earn a decent return on their investment. The public sector must provide the proper infrastructure to ensure that farmers have access to the means of production. We also need to rationalize the products we are going to focus on. Reforming fiscal and monetary policy to increase the amount of funds that is available to agriculture is another imperative.⁵²³

⁵²³ From the researcher’s personal interview transcript.

Ruttan and Hayami's induced innovation model may be just the prescription for fostering cooperative innovation towards agricultural development in Jamaica.⁵²⁴ In the induced innovation model, technical change is intrinsic to the development process. The model incorporates induced innovation in the private and public sectors and institutional innovation. Induced innovation in the private sector is the process by which firms maximize inventive activity and innovative behavior to maximize production and productivity. Induced innovation in the public sector is the process by which public research institutions respond to farmers' demand for new and advanced technology to enable them to respond effectively to shifts in relative factor prices. This is the "socialization" of agricultural research. Finally, institutional innovation is the process by which institutions that direct technological change are induced to empower individuals and society to capitalize on new technical opportunities that are available in the information knowledge-based economy. Indeed, as Douglass North proposed, the key ingredient for economic growth and development is the evolution of institutions that facilitate cooperative solutions to complex exchange.

Practical Internally-Motivated Methodologies for Promoting Economic Independence and Development through Agriculture and, by Implication, Curbing Associated Dependent Development

Jamaica by itself cannot do much to moderate the externally-driven constraints on its development. However, it can do much to improve the internally-motivated constraints. This distinction is important because, as stated by an official of the Statistical Institute of Jamaica, "externally-driven constraints only determine our market

⁵²⁴ Vernon W. Ruttan and Yujiro Hayami, "Strategies for Agricultural Development," *Food Research Institute Studies in Agricultural Economics, Trade, and Development*, (Vol. XI, No. 2, 129-148, 1972).

access, our ability to penetrate international markets. But internally-motivated constraints shape our ability to produce, how much we produce, and what we produce to position ourselves for penetrating international markets.”⁵²⁵ Another interviewee cogently described Jamaica’s dilemma:

We must determine how we can utilize our unique characteristics and figure out what we can produce efficiently in adequate quantities so we don’t fall out of the game. Because we are late in the game, many countries have copied Jamaica’s immature efforts at leveraging our exotics and have captured and capitalized on markets where we should have been established long ago. We need to cultivate larger acreages of exotics. We think too much in the short-term—i.e., the push to maintain preferences — instead of leveraging our potential, which lies in long-term cultivation such as fruit orchards. There is a definite proliferation of industries wherein we should be active players but where we are losing ground because we are not really in the game. Some good projects—i.e., production of goat cheese given Jamaica’s large number of goats—have been proposed but many have fallen by the wayside because they are centered on persons, not institutionalized. Jamaica and our development projects need institutional strengthening.⁵²⁶

A Jamaica Confederation of Trade Unions principal offered another perspective:

National attitude [lack of political will] is the major constraint. Jamaica is basically a conservative society. Politicians don’t want to move beyond incremental risk. Michael Manley was the exception; he was willing to take risks to propel change and progress. PJ Patterson is an incrementalist, which will get us nowhere. Jamaica needs profound change so we must take quantum leaps. Government will maintain the status quo as long as the system is not falling apart. We must recognize where we are, what we need to do, and DO IT. We can then fight external constraints effectively. Limited access to credit, rich country agricultural subsidization, and other constraints can all be fixed but we must do internal stocktaking and address domestic issues first.⁵²⁷

Effective state action is the primary methodology for effecting developmental change. The Jamaican state has been vilified from without and within as incompetent, negligent, and corrupt. Jamaicans, especially those serving in the public sector, must

⁵²⁵ From the researcher’s personal interview transcript.

⁵²⁶ From the researcher’s personal interview transcript.

⁵²⁷ From the researcher’s personal interview transcript.

recognize that the state is responsible for economic transformation because only it can create the conditions—infrastructure, enabling policy environment, sectoral linkages, attractive climate for investment and retooling—for growth. A Rural Agricultural Development Authority (RADA) official declared regarding agriculture, “the state must create the environment for attracting investment. It must create incentives, not subsidies. Currently agriculture must go through inequitable competition [with other sectoral interests] to get funding. The government should have a special window to facilitate agricultural development.”⁵²⁸ Unfortunately, according to a principal of Jamaica’s Agricultural Development Corporation (ADC), “Jamaica is a bit behind in its preparation to really interact with the global economy. However, the political directorate is unaware of this. The degree of stakeholder awareness is not where it should be—there is a disparity between the awareness level and the requirements for facilitating progress. We need to have more doers to get unison. There are not enough dynamic programs to turn basic production into real efficient programs. Due to the unforeseen pressures by virtue of our loan agreements, structural adjustment has not allowed the evolution of dynamic programs.”⁵²⁹ This interviewee elaborated on why effective state action is essential for facilitating agricultural development:

Government needs to take inventory of the infrastructure support necessary for moving sectors forward. Key infrastructure issues for agriculture include roads, water, and facilities for the handling and processing of food in the name of food security. This requires a national effort. The haberdasher mentality has caused many countries to lose their pants. When you abort productive capacity in the interest of buying and selling you will eventually become marginalized. Jamaica’s haberdasher interest in importing milk and milk products instead of producing them itself decimated its dairy industry.⁵³⁰

⁵²⁸ From the researcher’s personal interview transcript.

⁵²⁹ From the researcher’s personal interview transcript.

⁵³⁰ From the researcher’s personal interview transcript.

Jamaica should follow Peter Evans' advice and challenge the traditional classical liberal interpretation of comparative advantage—which is really only valid in a world wherein states trade primary commodities and wherein capital is immobile—i.e., NOT the contemporary global economy. Jamaica needs to recognize that modern states must “fit their aspirations and activities into a global division of labor” that values industrialization and, increasingly, the ability to compete in a constantly evolving knowledge-based information economy.⁵³¹ Traditional comparative advantage theory has questionable validity because it emphasizes structure rather than agency and obscures the fact that states do not have to passively accept the fate of primary commodity producer/exporter. States can indeed stimulate industrial transformation; to do so they must become developmental by transitioning beyond the basic stages of custodian and demiurge to midwifery and husbandry.⁵³² As Albert Hirschman has asserted and Peter Evans elaborated, states must recognize that some sectors create a “multidimensional conspiracy in favor of development, inducing entrepreneurial energies, creating positive spillovers in the rest of the economy, and molding political interest groups into a developmental coalition.”⁵³³ In a nutshell, Jamaica needs to reassess the latent potential inherent in its store of farm products—many of them unique and growing organically without the use of pesticides and fertilizers—as well as the country's growing

⁵³¹ Evans 1995, 6.

⁵³² Evans 1995, 13-14.

⁵³³ Hirschman 1977, 96 and Evans 1995, 7. However, as Evans explains, “one era's multidimensional conspiracy may become another's ‘lagging sector.’” (8). This is why Jamaica can never replicate the remarkable success of the East Asian Tigers—Korea, Taiwan, Singapore, and Hong Kong—despite comparisons and assertions to the contrary. The Tigers developed their respective industrial and service-based capacities under internal conditions not present in Jamaica and external investment of the sort that Jamaica simply does not receive. For Hirschman's work see “A Generalized Linkage Approach to Development, with Special Reference to Staples,” *Economic Development and Cultural Change* 25 (supplement): 67-98.

international brand equity and embrace agro-industry as a key sector for generating a multidimensional conspiracy in favor of national development.

To transcend the plantation economy and effect self-reinforcing development, Jamaica must move beyond the plantation primary commodity model and embrace its potential for expansive agro-industry, creating and exporting unique value-added foodstuffs for both the domestic and international markets. Many Jamaicans sanction this proposition. According to an Export-Import Bank of Jamaica loan officer who works with several agro-processor clients,

The country recognizes that movement into higher value-added production is the only way to maximize national return. The Ministry of Agriculture frequently highlights value-added production as the way forward but does not follow up with concentrated plan of action due most likely to the enormous costs involved in such a transition. Walkerswood, the St. Ann food processing company, is a national treasure but is also a banker's risk. Government should help these types of companies by providing tax breaks and allowing them to import manufacturing equipment with concessions. This type of assistance is lacking.

Companies don't have the capacity to make the transition to value-added production on their own. They have to seek financing from commercial banks and therefore subject themselves to prevailing high interest rates. Indeed, agro-processors typically used commercial banks to finance their capital expansions. This is not the way to go because of the limited availability of capital for financing capital expansion, the high cost of available capital, the lack of a venture capital window, and the private sector's reluctance to invest in technology. However, if we do not retool we will not be able to compete in the global economy. Indeed, external forces drove the retooling that Grace Kennedy and J Wray & Nephew recently undertook. Unfortunately, the average agro-processor does not have this level of resources so they are resisting the decision to buy new equipment for retooling. The average size of business in small economies doesn't allow for the economies of scale to spread the cost of capital acquisition over a wide area—i.e., as in the United States.⁵³⁴

Peter Evans explained why Jamaica should make the transition to value-added production despite the difficulties involved:

⁵³⁴ From the researcher's personal interview transcript.

States with transformative aspirations are, almost by definition, looking for ways to participate in “leading” sectors and shed “lagging” ones. Gilpin (1987, 99) argues that “every state, rightly or wrongly, wants to be as close as possible to the innovative end of ‘the product cycle’ where, it is believed, the highest ‘value-added’ is located.”⁵³⁵ These states are not just hoping to generate domestic sectors with higher profit rates. They are also hoping to generate the occupational and social structures associated with “high technology industry.” They are hoping to generate a multidimensional conspiracy in favor of development.⁵³⁶

To that end, the state must construct the country’s comparative advantage and create the conditions necessary for harnessing and leveraging the country’s unique products and global brand equity and propelling industrial development—i.e., agro-industry—in the agriculture sector. “In a global economy where most value is added at several removes from natural resources, the global division of labor presents itself as an opportunity for agency, not just as an exogenous constraint.”⁵³⁷ It would be a shame if Jamaica missed out on its opportunity for self-reinforcing industrial development in agriculture because it has grown complacent with its longtime status in the global division of labor hierarchy as raw material supplier and sun/sand/sea peddler and its related fate of associated dependent development.

Development and implementation of a comprehensive, workable development plan that emphasizes both primary agriculture and agro-industry is another key methodology for effecting developmental change in natural resource economies like Jamaica. Because effective state involvement is dependent on the reconstruction of state-society relations to create “synergistic promotional relations,”⁵³⁸ the Jamaican state should work with agriculture stakeholders in civil society, namely industry and labor, to

⁵³⁵ *The Political Economy of International Relations* (Princeton: Princeton University Press, 1987).

⁵³⁶ Evans 1995, 10.

⁵³⁷ Evans 1995, 8.

⁵³⁸ Evans 1995, 14 and 17.

develop a national strategy for growth and self-reinforcing development. This development plan must emphasize sectoral linkages to fully exploit the natural forward and backward linkages that exist between farming and agro-industrial manufacturing, tourist resorts, and the potential utilization of mined-out bauxite/alumina lands for agricultural activities. This is a practical solution to the problem of hotels needing foodstuffs to serve their patrons, industry needing unprocessed raw materials to refine, and farmers having large stores of foodstuffs they often cannot dispose of because they lack the proper marketing mechanisms and outlets.⁵³⁹ A Ministry of Agriculture official summarized the marketing problem as follows:

Marketing, specifically the lack of a coordinated marketing system, continues to be a major constraint on production (quantity) and distribution. RADA is working on a system called ABIS. We are trying to use technology to drive our transition. Even small farmers have cell phones, which have proven instrumental for effective communication. We have tried several approaches to marketing in the past but all failed. We recognize that an effective, integrated marketing regime will underpin any development that will take place.⁵⁴⁰

Stakeholders should work to facilitate a partnership between farmers, hotels, and agro-industry wherein farmers are provided the marketing support they need for disposing of their crops and the hotels and industry are guaranteed the supply quantities they require for operation purposes. The Jamaica Bauxite Institute/ Inter-American Institute for Cooperation on Agriculture/Walkerswood partnership model discussed previously is an excellent one to emulate and replicate, certainly by the tourist resorts, which currently import the vast majority of foodstuffs served to patrons. The Jamaica

⁵³⁹ While interviewing a Walkerswood principal in the presence of a local small farmer from a neighboring community, the researcher observed the farmer respond with shock and horror to the principal's comment that Walkerswood is routinely unable to source enough Jamaica-produced peppers and escallion for its jerk seasonings. The farmer remarked that many farmers in his community are forced to discard large amounts of peppers every year because they are unable to sell them.

⁵⁴⁰ From the researcher's personal interview transcript.

Agricultural Society (JAS) should also collaborate more closely with industry groups such as the Jamaica Manufacturers Association (JMA) and Jamaica Exporters Association (JEA) to push Jamaica’s agricultural goods in domestic and export markets. Indeed, as stated by JMA president Doreen Frankson, “collaboration between the JAS and JMA is the way we have to go...In our association we have a lot of agro-processors who need agricultural produce. We want to collaborate and work with them [JAS] as they grow what we need.”⁵⁴¹ Barring chronic shortages of locally-produced food, unreasonably inflated prices, or inaccessibility of supply, it defies logic why tourist resorts and agro-industry claiming to support Jamaica’s developmental strategy would need to source foreign foodstuffs when comparable products are available in Jamaica. This realization is catching on in civil society. According to a National Workers Union interviewee, “we will use our lobby power to establish linkages—i.e., lobby hotels to utilize locally produced agricultural goods in lieu of imports. We also need to establish a better network of people in agriculture. Representation is currently too localized/specialized where the various industries are doing their own thing—i.e., via the various commodity boards per industry. There is very little cross-communication across the industries. We should address micro issues only after we repair the macro problems.”⁵⁴²

The national collaborative strategy should emphasize the following agricultural priorities to create broad-based development:

- Increase diversification of the country’s export-oriented production;
- Improve farming infrastructure, namely roads/transportation, irrigation, and the extension system providing farmers with a communication and education network;

⁵⁴¹ “Farmers and Manufacturers to Formalize Local Alliance,” *Jamaica Gleaner*, 10 September 2003.

⁵⁴² From the researcher’s personal interview transcript.

- Enhance research and development (R&D) to facilitate continuous product innovation and ensure that producers and distributors satisfy their trading partners' sanitary and phytosanitary (SPS) regulations and are equipped to navigate the technical barriers to trade (TBT) commonly practiced in the world-trading regime;
- Improve and expand education and training to equip the populace with the tools needed to compete in the new knowledge-based global economy;
- Create incentives for employment generation and investment in new technologies;
- Improve the enabling environment to attract greater levels of investment, both foreign and local;
- Improve the accessibility of financing for local producers to facilitate expenditure on capital goods for retooling their enterprises and expanding capacity;
- Rationalize the basket of agricultural products to prioritize and leverage and products to phase out; and
- Create streamlined marketing and distribution systems to empower farmers by providing them viable outlets through which to sell their goods;

Expansion of agro-industry should undoubtedly be central to the national development strategy. This expansion should, in addition to finding new secondary uses for sugar and banana, build upon and utilize Jamaica's large stores of non-traditional, unique products whose potential have been largely untapped in the plantation economy's focus on traditional primary commodities. As one Ministry of Agriculture official commented, "we don't recognize how diversified our agriculture sector is. We produced 60-70 domestic food crops earning Ja\$20 billion as gross farmgate value last year [2002]. These products are primarily fruits, vegetables, legumes, roots and tubers, and herbs and spices. We probably need to prioritize which ones we will focus on because some have far more economic potential than others. We must therefore be realistic about sizing the sector; we must ask ourselves what is it that we can efficiently produce then identify, leverage, and market the winners using the most competitive producers and phase out the losers."⁵⁴³ However, farmers cannot simply grow food. They need to package and market it as well. Therefore, Jamaica's producers must take quantum leaps towards more

⁵⁴³ From the researcher's personal interview transcript.

effective organization encompassing the various links in the production chain: formulation, distribution, branding, and marketing. Some—namely Grace Kennedy, Jamaica Producers, Walkerswood, Red Stripe, and J Wray & Nephew—have done this successfully but others need to follow their lead to facilitate a multiplier effect on the country's development.

Interestingly, some companies like Grace Kennedy and Jamaica Producers have attained success in part due to a rationalization of production away from Jamaica. An interviewee explained the phenomenon: “Because of unit price competition issues, companies have had to re-evaluate how they can keep Jamaica as part of their business. They are not leaning on Jamaica as much as they used to. This is what world trade does—it forces companies to do business in line with consumer/market preferences and demand. Jamaica's high costs militate against efficient production here.”⁵⁴⁴ A principal of Grace Kennedy elaborated:

The fact that we are still operating on an economic model that stresses that the means of production are more important than the factors of production has impeded growth and development opportunities for Jamaica. Owning a sugar plant producing bulk or byproducts for export has nothing to do with whether the plant has to be physically located in Jamaica. We're stuck on the idea that the transition has to happen in Jamaica. To be a successful coffee drink businessman, does it make greater business sense to own the coffee plants or the patent on coffee liqueur production? We're unlike the Swiss in this regard. The Swiss don't produce any sugar or cocoa, yet Swiss chocolatiers produce some of the most expensive chocolate in the world.

We need to shift our self-identification as distributors to brand-owner. Grace has made this shift. We must move beyond primary commodity production and focus on leveraging our intellectual property wherever it exists, realizing that R&D is more than just planting something locally. R&D can also identify/extract the genetic material of crops so that they

⁵⁴⁴ From the researcher's personal interview transcript.

can be planted wherever they will thrive—in our case, both inside and outside of Jamaica wherever the potential exists.⁵⁴⁵

A majority of interviewees cited among the key products to leverage Jamaica's exotic tree fruits that are in wide demand globally. These tree fruits include mango (of which Jamaica produces several varieties), papaya, pineapple, and passion fruit. Other possibilities include guava, coconut, cocoa, and ackee. Along with banana, these fruits—with the possible exception of ackee, which is traditionally consumed as a vegetable accompaniment to salted dried cod in the national dish, ackee and saltfish—have almost unlimited potential because they can either be sold raw or processed by agro-industry into juices, jams, and jellies, and dried for snacks such as trail mix. A majority of interviewees also cited several root/tuber and herb/spice possibilities. The root/tubers are primarily yam and dasheen and the herb/spices include thyme, pimento, scotch bonnet pepper, ginger, and nutmeg.⁵⁴⁶ Ironically, Jamaica already has significant international brand equity in these spices—i.e., the Jamaican jerk chicken phenomenon evident across the globe—but it has not properly leveraged this equity. Consequently, non-Jamaican firms have co-opted this equity and are manufacturing inferior versions of traditional jerk seasoning, with the inevitable dilution of the brand. A case in point is McCormick's jerk seasoning, which, to the sophisticated palate accustomed to traditional Jamaican cuisine, tastes like regular seasoning salt. Yet, many non-Caribbean consumers accept it as

⁵⁴⁵ From the researcher's personal interview transcript.

⁵⁴⁶ Pimento is especially promising. See The Pimento Industry, *Jamaica Gleaner*, 31 January 2004. "World prices are high and rising and have been doing so for years. The superior rating of the Jamaican product is very evident from a comparison of prices for the commodity from different sources. The average monthly New York Spot Price for Jamaican pimento was US\$6. Mexican and Guatemalan pimento fetched on US\$1.50 and US\$1.65 per pound, respectively." Both externally-driven and internally-motivated constraints have limited the development of Jamaica's pimento industry. "Traditionally, the pimento industry has suffered from the twin problems of being a largely gathering industry and poor harvesting techniques...Another major drawback is the export of the world's best pimento mostly as a primary product, the unprocessed berries..."

authentic and tasty jerk seasoning because it is one of a few brands—in many cases the only brand—available to them in their grocery stores.⁵⁴⁷ The dearth of authentic Jamaican-produced options in developed country markets stems from two problems, one internally-motivated and the other externally-driven: 1) inadequate marketing and distribution systems and 2) rich country tariff escalation for processed foodstuffs, which discourages Jamaica’s export of the product into developed country markets.

A majority of interviewees suggested that the plan for agriculture should fully exploit niche markets abroad. However, in their opinion, “niche” extends beyond its traditional definition—i.e., the Jamaican expatriate community living in Miami, New York City, and Miami—to encapsulate the rapidly growing developed country markets for organically grown food and food products with nutreaceutical properties.⁵⁴⁸ The bulk of Jamaica’s primary crops are produced without the aid of fertilizers or pesticides. Due to the Jamaica’s longstanding plantation economy focus on traditional export crops, most of the country’s farm goods grow naturally and are left to rot where they fall of their trees. This is a travesty, especially when considered in the context of the “Whole Foods/Fresh Fields” phenomenon where rich country consumers are increasingly disavowing the chemically produced and/or genetically-modified food that typifies the food options sold in grocery stores worldwide in favor of “natural” food sold by alternative grocery stores such as Whole Foods.

⁵⁴⁷ Some critics attribute this problem more so to the intractability of tariff escalation in developed country markets than to Jamaica’s negligence. According to the World Bank’s *Global Economic Prospects 2004*, rich country tariff peaks and escalation on developing country exports are significantly higher than those imposed on developed country exports. “Overall rich countries collect from developing countries about twice the tariff revenue per dollar of imports that they collect from other rich countries.”

⁵⁴⁸ Nutreaceutical products have medicinal and/or fragrance qualities.

With regard to nutreaceuticals, a local businessman referenced Canasol, or ganja eye drops, a reportedly effective remedy for glaucoma. Canasol, a marijuana derivative, was developed by a Jamaican chemist and is registered in, and marketed from, Jamaica. It is in such high demand globally that physicians in the United States are importing Canasol directly from Jamaican distributors in the absence of formal FDA approval.⁵⁴⁹ However, Jamaica's nutreaceutical options are by no means limited to narcotics. Other, more socially acceptable and marketable nutreaceutical possibilities cited by interviewees included: ginger and pimento oils for fragrance, sorrel extract for use as a heart attack preventative, and pepper derivative to facilitate weight loss.⁵⁵⁰ Jamaica produces so many fruits, vegetables, and herbs/spices that the list of possibilities with nutreaceutical value is endless, limited only by the country's lack of resources for research and development. Because many of these products are unique to Jamaica, it clearly has an advantage that it should grasp by building the productive capacity necessary for harnessing the products and leveraging them globally. The same logic applies to the foodstuffs that Jamaica produces naturally without chemicals. Jamaica should leverage these products globally by harnessing, branding, and marketing them as organic food to capitalize on the "Whole Foods/Fresh Fields" phenomenon.

Private sector buy-in to and support of the national development strategy is crucial to its success. Indeed, effective private sector action is another key methodology for effecting developmental change in Jamaica. Unfortunately, despite the country's

⁵⁴⁹ This businessman ventured that Canasol's patent holder has not pursued FDA approval because the process would likely be protracted, cost-prohibitive, and futile given U.S. government rhetoric on the war against drugs. "Rhetoric" is used here in keeping with the interviewee's assertion that the U.S. is fighting its war on drugs only in and against countries from which large quantities of narcotics are sent to its markets. "Despite the fact that marijuana is the U.S.' third largest cash crop and drug usage there has reached epidemic proportions, the U.S. is not fighting the war within its own borders with the same intensity it uses outside its borders."

⁵⁵⁰ Jamaicans use the sorrel plant for juice, particularly at Christmas.

abundant entrepreneurial spirit, Jamaica's private sector seems largely impotent and incapable of harnessing and capitalizing on the energy. A Planning Institute of Jamaica official elucidated reasons for this limitation:

The population is overly dependent on a state that wants to be paternalistic. We need a rethinking of the role of the state and the private sector. The state needs to create the infrastructure for public goods—namely education, health, and law and order—while the private sector must be entrepreneurial, consistently looking for opportunities and maximizing them. The massive inflow into Jamaica of the foreign private sector after the financial crisis of the 1980s and 1990s was due to the local private sector's complacency and dependence on government patronage. As a case in point, Digicel, Jamaica's largest cell phone company, couldn't find a local partner when it first attempted to penetrate the Jamaican market. Now the local private sector is kicking itself for not acting to capitalize on a great opportunity. Our private sector simply lacks entrepreneurship and visionary qualities.⁵⁵¹

According to another interviewee, "our private sector has lost its edge and motivation to expand. It is too established and comfortable. We need new entrants but the infrastructure is not there to allow them entry. Development banks don't have the resources to fund this sort of arrangement and money costs too much at commercial banks. This is where the growth is. We need to harness all the entrepreneurial activity that is evident in Jamaica. The private sector is also limited by an overpowering bureaucracy and too much red tape. So it is much easier to import than export, which is why Jamaica has so little export e-commerce."⁵⁵² A Jamaica Producers principal described the problem as follows:

Jamaica does not produce much that is not produced by other tropical countries. With value-added products, you must be able to distinguish your product as unique and special. It's ultimately about branding, accessing both local and foreign supermarkets, surmounting credit risks, and getting importers on board. It is not easy to convince importers and supermarkets to carry your product. Products must have good-looking

⁵⁵¹ From the researcher's personal interview transcript.

⁵⁵² From the researcher's personal interview transcript.

packaging and proper labeling. In Jamaica there is a very high cost of production. Companies must have long pockets to succeed; they have to be able to lose money for three to four years in order to crack the market. This is not an option for most companies.⁵⁵³

A Jamaica Exporters' Association official agreed in part.

Many of Jamaica's farmers are on their way out because they cannot produce enough to meet demand and compete due to small economies of scale. Jamaica, unfortunately, does not have the resources to provide support like that provided farmers in OECD countries. Jamaica's farmers are crying out for technology transfer and training but there are no resources available to fund such initiatives. Further compounding problems is the dearth of development bank financing for agriculture. Funds are provided by commercial banks but at very high rates and with severe terms. This reduces private sector's (including farmers) access to capital. Because of the financial regime—namely high interest rates and inflation—large investors are bypassing agriculture for investment in government issued bonds because they promise a significantly higher and faster yield. Investment would address the problems of irrigation and supply fluctuations.⁵⁵⁴

In mainstream economic theory, the private sector generates capital and producing capital is essential for growth and development. “Cash comes from the creation of wealth; from production; from marketing of produce; and from reinvestment – a role largely filled by the private sector regardless of whether the government has a socialist or capitalist slant.”⁵⁵⁵ Pursuant to this contention, Hernando de Soto argued that the main reason why the developing world has not benefited from capitalism is because it is unable to produce capital.⁵⁵⁶ If he is correct, Jamaica's private sector, especially its farmers and agro-producers, must be provided easy access to capital for investing into their enterprises. However, capital expenditure and retooling is what Jamaica's agricultural enterprises need, not investment in government paper as has been the private

⁵⁵³ From the researcher's personal interview transcript.

⁵⁵⁴ From the researcher's personal interview transcript.

⁵⁵⁵ John Meadley, “A More Significant Role for the Private Sector in Agricultural Development,” *Developing World Agriculture* (London: Grosvenor Press International, 1990), 14.

⁵⁵⁶ de Soto 2000.

sector—at least the moneyed elite with resources to spare—practice in response to the recent all-time highs in the country’s interest rate.

A renowned economist based at the University of the West Indies/Mona described this aspect of the private sector’s challenge:

The private sector is not ignorant but it hasn’t done anything with what it has learned. It is not sufficiently proactive in transforming the way it does business. It is too comfortable making money in government paper than in trying to mobilize and transform the basis of productive economy. Jamaica’s private sector tends to be margin-gatherers, not true industrialists invested in revolutionizing the cost structure. Jamaica’s private sector has never been captains of industry. The new generation is more interested in finance but, because its view towards business is so insular, foreigners will overwhelm it in the long-term. It is not invested in studying marketing, technology, etc. The younger generation is also not as entrepreneurial as its predecessors. It relies too much on government protection. This dependence on government patronage is a legacy of slavery and colonialism.⁵⁵⁷

Another interviewee, a National Workers Union official, elaborated this perspective.

“Our productive sector doesn’t understand that the industrial age is over, that countries no longer control their borders or fiscal policy. With a few exceptions (Grace Kennedy, Appleton Rum, Sandals Resorts, etc.) most Jamaican businesses still have not grasped the requirements for competing in the new global economy. The private sector thinks government has the power to protect them. It’s a realization issue.”⁵⁵⁸ Notwithstanding the private sector’s relative unpreparedness and lack of capacity, a Ministry of Foreign Affairs and Foreign Trade official called for private sector mobilization to spearhead Jamaica’s development:

Jamaica’s trade imbalance plus its low levels of growth equals a highly challenged economy. The question at issue is has the worst passed or is the worse still to come. The answer depends on the private sector because business must be the country’s engine of growth. The competitiveness

⁵⁵⁷ From the researcher’s personal interview transcript.

⁵⁵⁸ From the researcher’s personal interview transcript.

and agility of business is key. Trinidad retooled 15 years ago, way ahead of other Caribbean countries and before the great global push toward liberalization. This enabled it, some would say, to increase its productivity and efficiency to compete effectively in the emerging global economy.

If Jamaica retools now it would be doing so at the cutting edge. We must innovate or die. The private sector, upon reaching this realization, will not likely elect suicide. Unfortunately, the macroeconomic environment has been difficult to navigate for both the private and public sectors. There is now less room for government to do proactive intervention to incentivize sectors. But, at the end of the day, it is up to companies to make themselves more competitive by eradicating the significant inefficiencies that exist at the operational level. We do many things well. The key is to do more.⁵⁵⁹

Groups working to build Jamaican private sector capacity agree that industry preparedness is a prerequisite for Jamaica's management of the challenges of globalization. To that end, the Caribbean Regional Human Resource Development Program for Economic Competitiveness (CPEC) and other organizations are trying to shift the paradigm to encourage active business participation and minimize the effects of dislocation.⁵⁶⁰ An interviewee described CPEC's activities in this regard:

We are preparing the private sector to meet international marketing requirements, i.e., certification, and adopt best practices for industries, i.e., the hazard analysis critical control point (HAACP), an international food safety standard. This is crucial for access to external markets. For example, the United States banned tinned ackees due to fear of toxin. When the ban was lifted, four companies were prepared and ready to export once again due largely to training and assistance provided by CPEC. CPEC is now training other companies to meet the standards in order to export. We are also training the Bureau of Standards to prepare the enabling environment. In addition, we have developed a code of practice for the ackee industry. CPEC's work has increased awareness about the need to be certified. Our mission is to improve standards and prepare companies for attaining certification. We provide training in business, marketing, product development, and technology.

⁵⁵⁹ From the researcher's personal interview transcript.

⁵⁶⁰ CPEC is funded by the Canadian Development Agency to help Jamaica's private sector innovate and build trade capacity. CPEC provides grant funds to tourism and agriculture, the two sectors that were deemed in consultations with the private sector to be most likely to produce opportunity for growth.

CPEC is also working with other organizations, i.e., IICA, to train rural women in computer technology, environmental management, food safety, marketing, etc. We are pleased with the success of our organic farming project, which produces fruits (mainly papaya), vegetables, coffee, herbs and spices (mainly pimento). This industry has a good chance of becoming competitive internationally. To this end, an island-wide sensitization program is underway. We have trained 14 inspectors who are now able to train others for a multiplier effect. CPEC is working with other donor organizations such as JAMPRO to develop a quality manual and organic farming standards. Our collective efforts have increased the number of acres in certified organic produce from 300/400 to over 1,000 (covering three farms) in the country. We hope to exploit the intrinsic linkages between agriculture and tourism by encouraging hotels to use locally produced food.⁵⁶¹

The Jamaica Cluster Competitive Project (JCCP) is another initiative focused on improving private sector production, productivity, and competitiveness. The cluster concept is a new approach that seeks to address the development and implementation of competitive strategies at the inter and intra firm level.”⁵⁶² The project encompasses three clusters targeting Jamaica’s most promising sectors: agri-business, tourism, and entertainment. Industry mobilization has been positive thus far, particularly in the agri-business cluster. However, the project has identified several problems that limit the international competitiveness of Jamaica’s producers. Tantalizing among these is the lack of a reliable supply of key products. For example, the lack of scotch bonnet peppers has stalled the creation of a pepper mash company, one of several JCCP ventures geared at strengthening Jamaica’s jerk and hot pepper sauce industry.⁵⁶³

⁵⁶¹ From the researcher’s personal interview transcript.

⁵⁶² Alpha Saunders, “Project Identifies Gaps in Jamaican Industry,” *Jamaica Gleaner*, 22 October 2003. The JCCP project is funded by the Jamaican government, the Department of International Development (DFID), the U.S. Agency for International Development (USAID), and the Jamaica Exporters Association (JEA). It is administered by the Jamaica Exporters Association.

⁵⁶³ As discussed in Chapter 4, this lack of peppers is due not only to declining production but also to Jamaica’s poor marketing and distribution infrastructure. According to several interviewees on the ground, Jamaica has many pepper producers who are regularly compelled to discard their pepper harvests because they cannot get the product to market.

Effective civil society action is yet another key methodology for effecting developmental change in Jamaica's agriculture sector. As argued above for other agriculture stakeholders, labor and other interest groups should not only work with the state and industry to formulate the national development strategy, it must also collaborate with its partners to implement the plan. Action by the country's labor unions is particularly crucial. Jamaica has a long history of trade unionism and its unions have large membership bases and wield much power in society. As one National Workers Union (NWU) explained, labor has impeded Jamaica's agricultural development at various stages. "For example, it fought mechanization even though this was a logical decision in the face of guaranteed prices under preferences. Labor has never represented farmers per se [it represented industrial workers] but it could have done more to use its collective strength to protect the interests of agricultural workers as a group, both unionized and non-unionized."⁵⁶⁴ A government consultant on agriculture agreed that labor has militated against agricultural development. "High wage rates as they relate to (declining) production and poor management-labor relations are major deterrents to development. The Jamaican state evolved from a strong labor union movement so labor-management relations have traditionally been very volatile. Unions, unfortunately, cannot control their workers so there is a lot of indiscipline in the labor force, which is directly related to the country's low levels of production."⁵⁶⁵ Two officials of the Bustamante Industrial Trade Union (BITU) disagreed. They claimed that labor has always promoted Jamaica's agricultural development. "Coming out of the slave society, workers tended to have more trust in unions than in management. By controlling

⁵⁶⁴ From the researcher's personal interview transcript.

⁵⁶⁵ From the researcher's personal interview transcript.

workers, labor helped keep order and therefore enhance productivity. Labor did not resist mechanization, but we have historically opposed throwing away workers without improving pay or working conditions.”⁵⁶⁶

Labor undoubtedly plays an influential part in a country’s development. In the case of Jamaica, labor can promote agro-industrial development by encouraging innovation, technological capacity, and increased technical capability in agriculture, even at the expense of job loss and/or reduced wages for some groups of workers. Labor’s continued advocacy for maintaining primary sugar production in light of its importance to national employment will ultimately be futile if the country as a whole flounders in the international political economy because it cannot compete on the basis of raw sugar (banana, cocoa, coffee, etc.) production and export alone. Labor should lobby for worker retraining and education instead of fighting to sustain uncompetitive industries simply because they provide employment for the masses. The writing is on the wall: Jamaica must diversify beyond primary commodity production and export in order to compete in the new knowledge-base economy and labor must get on board.

Relinquishing preferences is a fifth methodology for effecting developmental change in Jamaica’s agriculture sector. As one Ministry of Agriculture interviewee noted, “a lot of our problems began with preferences because being privy to guaranteed prices for our goods reduced our incentive to perform. We have emerged as very inefficient producers of all our traditional commodities.”⁵⁶⁷ Therefore, when preferences under Lomé/Cotonou end in 2006, Jamaica should concede their termination instead of fighting to maintain them indefinitely. A Ministry of Foreign Affairs and Foreign Trade

⁵⁶⁶ From the researcher’s personal interview transcript.

⁵⁶⁷ From the researcher’s personal interview transcript.

conceded that preferences, along with developed country tariff escalation, have deterred Jamaica's transition to value-added production. He nonetheless believes, as explained below, that Jamaica has much to benefit from continued access to preferences:

Some people argue that preferences, by providing guaranteed prices and advantages, have deterred innovation in Jamaica and increased our dependency. However, I think we need to use the opportunity allowed by preferences to move up the value chain to increase prices and competitiveness. But we don't want to make this transition without the underpinnings of a safety net—in this case guaranteed access to the EU market for our key agricultural exports. We will not simply rollover and play dead on preferences; we will fight for their extension. We must remember that the preferences were never intended as benign and magnanimous gestures for our benefit alone. Europe needed a guaranteed supply of our sugar for its consumption and manufacturing, i.e., liquor and confectionary processing. It cannot just toss us to the winds now that it no longer needs our sugar.⁵⁶⁸

Many development scholars, including George Beckford, argue vehemently against the prolongation of preferences. To be sure, the collaboration of vested interests from without and within in maintaining preferences “provides a prop to an economy which is fundamentally unviable. Occasional windfalls brought by fortuitous changes in market conditions [such as the EU's decision to extend Lomé/Cotonou until 2006] provide additional supports but the economy remains in a precarious balance...In this event, there will be economic growth and development of a type which further strengthens the hinterland-metropole relationship”⁵⁶⁹ or, in Cardoso's vernacular, promotes associated dependent development. Postponing transformation has real costs. These include “the potential gain of income, employment and an internal dynamic which could have resulted had protection been abandoned. A severance of the metropolitan ties is a precondition of

⁵⁶⁸ From the researcher's personal interview transcript.

⁵⁶⁹ Levitt and Beckford in Beckford 1975, 47.

structural transformation. A genuine programme of import-displacement and output and market diversification cannot proceed until the preferential props are withdrawn.”⁵⁷⁰

Consolidation of Caribbean regional integration is a sixth methodology for effecting developmental change in Jamaica’s agriculture sector.⁵⁷¹ Unfortunately, the Caribbean Community’s (CARICOM) ability to contribute to development in the region is limited by the constraints of member state underdevelopment, dependence, and their tendency to pursue nationalistic, not regional solutions to pressing economic problems.⁵⁷² These forces have fostered disincentives for full-fledged integration. Critics assert that because national interest is so predominant and entrenched, CARICOM has never been serious about economic or political integration.⁵⁷³ CARICOM is alleged to be an exercise in regionalization, not integration; it is a regionalized economy and polity in which the preservation of the institution of the nation-state is paramount.⁵⁷⁴ Personality politics, elite politics, and interest group lobbying are said to encumber effective policy making at the regional level and implementation at the national level. Put simply, national governments are pursuing domestic politics infused with an elite perspective within a regional framework.⁵⁷⁵ To attain any semblance of collective self-reliance, CARICOM members must transcend its present regime of nominal multilateral cooperation and incorporate a higher degree of politico-economic integration.⁵⁷⁶ Actualization of the common market and effective implementation at the national level of rational decisions made at the regional level is imperative in this regard. CARICOM

⁵⁷⁰ Levitt and Beckford in Beckford 1975, 46-47.

⁵⁷¹ See Appendix J for a backgrounder on the regional trade arrangement (RTA) as an agent of development for member states.

⁵⁷² Axline 1978, 969.

⁵⁷³ Payne and Sutton 2001, 174

⁵⁷⁴ Payne and Sutton 2001, 174

⁵⁷⁵ Payne and Sutton 2001, 174

⁵⁷⁶ Erisman 1992, 138.

must also address several agricultural policy imperatives to foster sustained development in member states. It must encourage production and export diversification, export market penetration, improved productivity, and enhanced competitiveness.

Integration via CARICOM is essential for helping individual member states manage the vagaries of the globalizing economy and for promoting development in the region. William Demas outlined three reasons for the Caribbean economic integration: “the need to widen markets; the need to pool and combine natural resources and to programme regional economic activities; and the need to strengthen our collective bargaining power vis-à-vis powerful external entities and forces.”⁵⁷⁷ According to Eric Williams, “the real case for unity in Commonwealth Caribbean countries rests on the creation of a more unified front in dealing with the outside world—diplomacy, foreign trade, foreign investment and similar matters. Without such a unified front the territories will continue to be playthings of outside Governments and outside investors. To increase the ‘countervailing power’ of the small individual units vis-à-vis the strong outside Governments and outside companies requires that they should aim at nothing less than the creation of a single center of decisionmaking vis-à-vis the outside world.”⁵⁷⁸ In other words, integration strengthens state autonomy by promoting the “concertation of national strengths through the process of regional diplomatic community-building, such that alienation of one unit within the community has as its consequences the estrangement of the whole community.”⁵⁷⁹ As Demas explained, “[a] greater degree of economic

⁵⁷⁷ Demas in Beckford 1975, 74.

⁵⁷⁸ Williams 1970, 514.

⁵⁷⁹ Vaughan A. Lewis, “The Commonwealth Caribbean and Self-Determination in the International System” in Lewis, ed., *Size, Self-Determination and International Relations: The Caribbean* (Jamaica: University of the West Indies), 245.

independence for each country can, paradoxically, be achieved only through meaningful economic integration in the region. This is the ‘paradox of sovereignty.’”⁵⁸⁰

The Caribbean region has certainly had its ups and downs since CARICOM’s inception. CARICOM member countries are small, open microstates that have had a collective history of colonialism and underdevelopment. A majority of the states are islands. Sustainable development in small states like these is impeded by their capacity limitations in key areas such as product and factor markets, public and private sector administrative and institutional structures, and negotiating power and leverage vis-à-vis external countries and organizations.⁵⁸¹ Regional cooperation provides a means of ameliorating size-related capacity constraints to development and is thus an integral part of Caribbean development strategy.⁵⁸² Because individual member states are highly susceptible to external influence, CARICOM has been called an example of externally vulnerable integration.⁵⁸³ According to Gary Voss, president of the Caribbean Association of Industry and commerce, “the Caribbean as a whole does not have a strategic plan and does not know where it wants to be in the year 2010 and beyond...It is negotiating arrangements but is not quite sure what arrangements it needs because it doesn’t know where it is going. It’s a rather damning statement to make but I think its true.”⁵⁸⁴ Others disagree. For instance, David Lewis, deputy director of Caribbean Latin American Action, acknowledged as a positive development CARICOM’s evolution into “an effective voice for fifteen nations speaking as one bloc, giving them all much stronger negotiating power than their combined population of twelve million would

⁵⁸⁰ Demas in Beckford 1975, 74.

⁵⁸¹ Blake 2001, 481.

⁵⁸² Blake 2001, 481.

⁵⁸³ Bernal 1994, 171.

⁵⁸⁴ CARICOM chided as ‘aimless,’ *Jamaica Gleaner*, 17 April 2002.

otherwise give them in the international arena.”⁵⁸⁵ The degree of functional cooperation and foreign policy coordination is fairly strong. However, CARICOM has been less successful with regards to economic integration. This more expansive integration effort is constrained to a large degree by the small size, limited resources and external orientation of CARICOM’s member states as well as the similarity of their economies and productive structures. Despite CARICOM’s weaknesses, it has been a positive force for Caribbean development in the international political economy and it can accomplish much more yet. To be sure, CARICOM states can use strength in numbers to promote national and regional agricultural development by challenging at the multilateral and regional levels rich country tariff barriers, production and export subsidies, and food dumping. Such action can go a long way towards weakening externally-driven constraints that undermine developing country agricultural production, productivity, and competitiveness. CARICOM, by pointing the finger inward and spotlighting member country agricultural shortcomings—such as lack of piped irrigation, poor roads and other farming infrastructure, lack of integrated distribution and marketing systems, and high rate of predial larceny—can also force national action towards the banishment of internally-motivated constraints on national agricultural development and, therefore, regional development.

Evaluating Jamaica’s Agricultural Performance in the Framework of Development Theory

The evidence discussed above and in previous chapters demonstrates that several externally-driven and internally-motivated constraints have limited Jamaica’s agricultural

⁵⁸⁵ Luxner 1999.

development. These constraints are not mutually exclusive. A scholar economist interviewed for this study commented on the interplay between externally-driven and internally-motivated forces in fostering underdevelopment and dependency in Jamaica:

Which has been a more significant constraint on development—internally-motivated factors or externally-driven forces? They are intertwined, i.e., the credit market is weak because the Inter-American Development Bank required that Government not subsidize sectors. But we must take responsibility for ourselves. We must find a way to feed ourselves. Plus we have enough special things to cultivate for supplying export markets. We need to move beyond the small country mentality, but we don't have enough marketing capacity. Everything we did previously was under a pre-determined marketing strategy—i.e., take it or leave it. But we alone make ackee, pimento, and Blue Mountain coffee, so we now need to master direct monopoly packaging and marketing.⁵⁸⁶

Unfortunately for Jamaica, the plantation economy export-led model of development emphasized primary commodity production for export and import of staple goods without a concomitant increase in knowledge-based value-added production, which appears to have deepened the country's underdevelopment and dependence on external sources. Not only was the plantation model not fully utilized to enhance Jamaica's export development, but its improper utilization hampered the expansion of the small scale sub-sector, which should have been treated as an essential complement to export agriculture, certainly with regards to generating food security and increasing product diversification in order to grow the export base. "The origin of Jamaican agriculture was based on crops produced for the international market on plantations financed by external capital and a slave labour system. The mono cropping of export crops generated vulnerable, open economies, dependent on food imports which further deterred the development of small-farm food production. Unlike more developed economies the role of Jamaican agriculture was not to provide food for its local population but for export. The economy

⁵⁸⁶ From the researcher's personal interview transcript.

in turn, relied on foreign exchange earned from the export of crops to import more staple food. The bulk of the food for local consumption was imported. The import of staple food is still a major trend of the Jamaican economy.”⁵⁸⁷ These structural characteristics of production—the dual farm dichotomy, the emphasis on primary commodity production for export, and the import of finished goods—have bedeviled Jamaica’s agricultural industries from their early days to the present. They fostered continuity in primary commodity production, lack of technological innovation, and dependency on foreign countries for export markets for Jamaican primary commodities and imports of manufactured foods and other items that Jamaica lacks the ability to produce. The world-trading regime, by privileging rich country farm production and export and undermining developing country production and export, already at a disadvantage in its general primary commodity orientation, has only exacerbated these challenges.

Despite this discrimination and foul play in agricultural trade, Jamaica remains wedded to an archaic plantation agriculture model steeped in primary commodity export-led production. An agricultural trade regime hostile to developing country primary commodity export-led production indicates that it is time to radically alter Jamaica’s production model to prioritize value-added production along with primary production, leveraging and capitalizing on the country’s most promising food products. Above all, Jamaica must promote economic independence in the agriculture sector and the economy overall by following the five steps outlined by William Demas: redressing agricultural stagnation; effecting changes in policies and institutions; encouraging changes in values and attitudes; acquisition of technological know-how; and invigoration of Caribbean

⁵⁸⁷ See the Jamaica Sustainable Development Network’s profile of Jamaica’s agriculture sector located at www.jsdnp.org.jm/susAgriculture-agricJA.htm.

integration.⁵⁸⁸ To do this, Jamaica's agriculture stakeholders across the public sector, private sector, and civil society must rally and cooperate to address the country's internal deficiencies impeding agricultural development and competitiveness within and beyond primary production and export. Not all Jamaicans think such a cultural mindshift is possible. According to an official of the Ministry of Commerce, "supporting local production would support jobs and growth. But it is ambitious and improbable because it requires people to be irrational. It will be difficult to turn the national psyche around from imports and the expanded savings and choice they represent to consumption of locally produced goods to drive national development. Many Jamaicans do not understand the relationship between imports, food security, and agricultural/national development and many more are not inclined to care as long as their immediate needs are being met."⁵⁸⁹

The difficulty notwithstanding, Jamaicans must be educated to understand that buying and eating the food their farmers produce, even in the midst of a sea of cheap, hyper-pigmented, and oversized imported food, is a matter of both food and national security.⁵⁹⁰ "A policy of buy cheap irrespective of basic national consideration is at best myopic and at worst destructive and demotivational."⁵⁹¹ Jamaican farmers, processors, exporters, and by implication, Jamaican production capability, jobs, and the national economy cannot thrive amidst an onslaught of foreign goods in the absence of local consumer support. As noted by Minister of Agriculture, Roger Clarke, "if the people of

⁵⁸⁸ Demas in Beckford 1975, 71-74.

⁵⁸⁹ From the researcher's personal interview transcript.

⁵⁹⁰ See "Let's Boost Local Cuisine," *Jamaica Gleaner*, 30 November 2003. "We cannot be comfortable with a situation in which the 2002 import bill for food was some \$23.2 billion. A 23 percent decline in agricultural production over the period 1995 to 2002 accounted for the loss of an estimated 33,200 jobs in the sector. These figures are sobering indeed and call us as a nation to stop and look at where we are going."

⁵⁹¹ "Farmers and Manufacturers to Formalize Local Alliance," *Jamaica Gleaner*, 10 September 2003.

Jamaica make up their minds to support local agriculture, no WTO (World Trade Organization) can stop them. Every time we buy foreign goods we are putting farmers and workers to work in other countries and causing our people to go on the scrap heap of idleness and crime...I believe that that partnership between the people of Jamaica and the farmers of Jamaica can be done to the benefit of all Jamaicans.”⁵⁹² In addition, developing countries must advocate in their own interest at the regional and multilateral levels to force a power and paradigm shift in world trade. In this regard, Jamaica must look beyond its own borders towards its neighbors in the Caribbean to build a politico-economic alliance that can, through strength in numbers, lobby for truly free trade for their agricultural products, both primary and value-added, as well as other goods.

Indeed, it is time for Jamaica to reassess its underdevelopment and dependency in the context of development theory. Clearly, the neoliberal model is not working for Jamaica. Despite Jamaica’s implementation of full-scale liberalization, privatization, and deregulation in keeping with its structural adjustment commitments and WTO membership, the country has not experienced the kind of growth envisioned by the Washington Consensus. Indeed, agriculture has declined precipitously when it should have expanded. Jamaica should reevaluate what certain prescient dependistas advocated some years ago. Some dependency school propositions are unworkable today because globalization is so entrenched and the world’s economies are quite interconnected. However, Fernando Henrique Cardoso and Enzo Faletto’s thesis of associated dependent development is fitting to the Jamaican context. To be sure, development in peripheral Jamaica is tied to and dependent on forces emanating from the center—namely the U.S.

⁵⁹² See “Business Info System to Help Farmers Market Local Produce,” *Jamaica Observer*, 18 November 2003.

and EU, Jamaica's primary trading partners. With regards to agriculture, these forces are U.S. and EU agricultural protectionism, which precipitates food dumping in the local market and restricted access to Jamaica's exports in external markets. Raúl Prebisch was also correct in arguing that international trade reinforced the uneven development instigated and perpetuated by colonialism, which had altered the institutional, production, and socio-economic structures of the colonized territories towards the First World, and, consequently, had generated structural problems in these territories which would forever disadvantage them in trade amongst themselves and, even more so, with their former colonizers and other First World countries. His focus on the developing country government's role in hastening industrialization to place the periphery on a path of autonomous, self-sustaining growth and development was also on point. However, his proposed means of hastening industrialization—that marginalized countries withdraw from international trade into import-substitution—is impractical and risky in today's globalized economy. Andre Gunder Frank's proposed class struggle against the imperialism embodied by international and domestic capital is implausible for this reason as well as the fact that socialism and its antecedent, class struggle, were discredited with the fall of the Soviet Union. Jamaica is so plugged into international trade and the global economy, and Jamaicans so steeped in consumer habits and tastes conditioned by global trends dictated by rich countries, that outright withdrawal from the system—assuming that the government could muster the political will to support such a radical move—would be highly disruptive, socially and economically. As Fernando Henrique Cardoso, Enzo Faletto and Samir Amin acknowledged, a revolutionary break from the liberal capitalist trade regime in favor of insulated production as a means of fostering self-

reliance and self-sufficiency, however attractive to those who bemoan the harmful effects of neoliberal economic policies on developing countries, is highly unlikely in Jamaica as such a transformation would require the improbable support of domestic elites who are tied to international capital—and international capital to them—and vested in maintaining the status quo. Breaking from the liberal capitalist world order would also rankle ordinary Jamaicans so accustomed to foreign tastes and habits that popular rebellion would likely ensue. This rebellion would probably be even deadlier than the popular revolt of the 1970s in reaction to Michael Manley’s attempts to disengage Jamaica from the global economy in an effort to buoy import-substitution industrialization and engender national self-sufficiency.

“While it is true that one must make the economy less open in order to promote internally-propelled development, to seal off one’s economy completely is to choose economic stagnation and a much lower standard of living. There is an optimum degree of economic contact with the outside world which is required to promote economic independence and internally-propelled development. The real issue is to determine the optimum degree of openness in every particular case. What is required is a controlled and regulated relationship with the metropolitan countries, in order to avoid the danger of economic satellisation or even absorption into the metropolitan economy or economies.”⁵⁹³ Hence, liberalized trade and participation in the world-trading regime, albeit with provisos and corrections for moderating both externally-driven and internally-motivated constraints on agriculture, leveling the playing field, and improving Jamaica’s terms of trade is clearly the only option. “Jamaica has embraced a liberal trade regime as a matter of policy, but it has to be conscious of the contributions that the agricultural

⁵⁹³ Demas in Beckford 1975, 63.

sector makes to employment and social stability, not only in the rural but also in urban areas, and so needs to ensure that the social and economic situation of the farming population is not undermined by trade liberalization” (FAO 2000). Managed trade that leverages the agricultural industries and goods in which Jamaica has comparative and competitive advantages, encompassing both traditional and non-traditional industries and goods and expanding agro-processing, is the path Jamaica should pursue. In the words of a local pundit:

Free trade is the ideology of the age and protectionism the discarded evil. But in the real flesh and blood world bits of both, at one time or another, are essential human devices to organize production, trade and society most beneficially...Free trade and protectionism, once stripped of their ideological extremes, are both useful tools which can be balanced for general benefit, social stability and community development suited to each nation’s traditions and needs. Finding an ideology in between is the art we have to learn.⁵⁹⁴

⁵⁹⁴ Ian McDonald, “We Do Not Live Only to Trade,” *Jamaica Gleaner*, 4 November 2003.

Chapter 6

Conclusion

This dissertation has examined the reasons for Jamaica's underdevelopment and external dependency by evaluating the relationship that has existed for centuries between agriculture, trade, and socioeconomic development both within the country and in the world trading regime. Based on Jamaica's factor endowment, it should have attained greater levels of growth and development than it has experienced. In addition, Jamaica, given its resource potential, should not be so resource dependent on external actors, organizations, and institutions. Jamaica has a vast natural resource capacity and a substantial unemployed and underemployed population, which makes the country ideally suited for agriculture. Indeed, Jamaica has been a primarily agricultural producer and exporter for much of its history. Like in other small developing countries, agriculture is a major employer of labor, employing over 25 percent of the population. Yet Jamaica's agricultural production, productivity, and international competitiveness have declined significantly over the past 30 years. This dissertation asked why and explored several possible explanations, ultimately choosing one as the most persuasive explanation for the agricultural and national socioeconomic decline facing Jamaica and similarly situated developing countries.

The dissertation utilized a case study methodology to assess the relevance of dependency theory to the historical relationship between Jamaica's agricultural production and trade and the international political economy and the extent to which this relationship has fostered development in Jamaica. This methodology highlighting a country case that is largely agricultural, was colonized by a European metropolitan power, and has been integrally integrated into the world trading regime since it first was

colonized, allowed the researcher to infer from the findings a generalized conclusion for the Caribbean and much of the Third World. The Commonwealth Caribbean was chosen for analysis due to its geopolitical significance as the United States “third border.” Studying the region also afforded the opportunity to evaluate the major obstacles to development facing the overwhelmingly poor countries of a region that, given its proximity to and longstanding interaction with North America, one would expect to be infinitely more developed. The Jamaican experience is portrayed as representative of countries in the Commonwealth Caribbean and the Third World at large because it is one of the region’s most open economies. Jamaica is also one of the world’s most structurally adjusted countries and one with which extra-regional organizations, countries, and people are extremely engaged. Hence, it afforded the researcher the perfect case study for analyzing the effect of externally-driven and domestically-motivated forces on sectoral and national development.

Jamaica is without question a poor country with underdeveloped productive capacity and a questionable dependence on outside actors for resources, particularly production inputs, funding, luxury goods, fuel, and food. In the world trading regime, Jamaica is classified and treated as a natural resource economy specializing in primary commodity for export. This has rendered Jamaica vulnerable to various abuses intrinsic to a world trading regime that sanctions rich country agricultural protectionism that restricts the primary commodity exports in which Jamaica and other developing countries specialize. These abuses include agricultural domestic and export subsidies, tariff peaks and escalation, tariff rate quotas, and food dumping—all sanctioned by the World Trade Organization. In light of Jamaica’s suitability to agriculture, Jamaica’s historical

integration in world agricultural trade, and the potential agriculture has for socioeconomic development, this dissertation utilized an agricultural sectoral framework in which to analyze the reasons for Jamaica's underdevelopment and external dependency.

One would think that a country like Jamaica—endowed as it is with a favorable climate, rich soil, plentiful labor, and profuse flora and fauna—is producing enough agricultural goods for domestic consumption plus surpluses for export. However, Jamaica is a net food importer that is incapable of feeding its own population and is completely dependent on external producers for numerous food products, including staple goods such as carbohydrate sources, dairy, poultry, and even horticultural fruits and vegetables of which Jamaica should be a prolific producer and exporter given its factor endowment. Moreover, Jamaica's GDP growth rate and per capita GDP are rather low. Jamaica also regularly suffers a trade deficit and has substantial debt. In 2000, Jamaica's exports earned \$1.7 billion while the country imported \$3 billion worth of goods. In 2002 Jamaica had a GDP real growth rate of 1.1 percent and per capita GDP of \$3,700 adjusted for purchasing power parity. Jamaica's debt to GDP is 150 percent and unemployment is 15.1 percent.

Jamaica's economic problems are due in large part to its enduring specialization in primary commodity production and its negligible agro-industrial capacity. The unfortunate predisposition towards primary production has been cultivated throughout Jamaica's history by both external and domestic forces. Externally-driven constraints on Jamaica's development include the colonial legacy of plantation economy emphasizing production of a few primary commodities for export and import of processed goods from

abroad; multilateral and bilateral trade arrangements that discriminate against processed exports that would increase Jamaica's value-added and encourage the full maximization of Jamaican agro-industry; IMF and World Bank structural adjustment lending that swelled the country's debt and debt service obligations and diminished reinvestment into the economy, and; rich country agricultural subsidies that encourage overproduction of surpluses which are dumped in poor countries like Jamaica under the guise of food aid or sold at artificially low prices that undermine domestic production, productivity, and competitiveness. These externally-driven constraints impeded Jamaica's development by exacerbating the colonial plantation economic legacy of underdevelopment and associated dependent development. Domestically-motivated constraints on Jamaica's development include the country's infamously weak institutions in both the public and private spheres, which have contributed to the government's inability or refusal to craft a comprehensive national development policy that has agricultural development as a cornerstone; inadequate and/or inappropriate use of technology; poor farming infrastructure; private sector apathy and dependence on government to mobilize growth; and tribal politics based on clientelism and rent-seeking—all of which have entrenched the retardate plantation economy in Jamaica.

The dissertation explored several hypotheses positing varying explanations for Jamaica's declining agricultural performance, decreasing food security, and overall underdevelopment. The hypotheses address the externally-driven and domestically-motivated forces that have constrained Jamaica's development throughout its history. These hypotheses are grounded in the development theory literature, from early classical mercantilism to contemporary neoliberalism and everything in-between in the trajectory

of development theory. The dissertation utilized two key development paradigms—neoliberalism and dependencia—to explore and explain the constraints on Jamaica’s development. Neoliberalism, a descendant of mainstream classical liberal political economy and its antecedent, neoclassical political economy, is currently the dominant development paradigm. Dependencia, on the other hand, is a radical departure from mainstream theory in that it is a close cousin of Marxist political economy and a descendant of mercantilism espoused by Friedrich List and Alexander Hamilton, which encourages developing countries like Jamaica to utilize trade protectionism to nurture domestic industry. The U.S., Germany, Japan, and other industrialized countries employed this model to attain their economic stature. Therefore, it is not surprising that Jamaica and other poor countries find it attractive and have employed it—albeit inappropriately—at times in their own economic histories.

While, theoretically, neoliberalism—a model that has been pushed on developing countries—should have promoted economic development, the Jamaican case illustrates clearly that the CARICOM states are not functioning effectively in a neoliberal environment, not so much of their own doing, but because of the lack of an appropriate neoliberal model in the world trading regime where the use of subsidies and trade barriers is rampant. While there are elements of neoliberalism evident in Jamaica—i.e., liberalized markets, privatized industries, and deregulated public services—the failure of the international community to correct the imbalances of neoliberalism means that despite years of neoliberal reforms, Jamaica still suffers severe underdevelopment and dependency. Neoliberalism’s focus on the free-market economy as the agent of growth and development—and, alternatively, the lack of a free-market economy as the cause of

economic decline—is frankly hypocritical. Jamaica has been a “free-market” economy for at least three decades since it first implemented its IMF/World Bank structural adjustment conditionalities requiring that the country privatize, deregulate, and liberalize its trade and financial regimes. Yet it has had negligible growth rates and development. On the other hand, the U.S. and EU, Jamaica’s primary trading partners, continue to attain high growth rates despite their longstanding protectionist agricultural trade practices. Clearly, another explanatory framework is more befitting the Jamaican experience in the world trading regime. Dependencia is just that framework.

Dependency theory suggests that Jamaica’s dependence on and vulnerability to external forces is due to its evolution and status in the world trading regime as a primary commodity export-led plantation economy that was established by a dominant foreign power and is still subject post-independence to external forces acting from both outside and inside the country. From its colonization by Spain onwards, Jamaica’s economy was defined and shaped by various external entities that cultivated relationships of interdependence between their economies and Jamaica’s such that their economies grew and developed while Jamaica’s growth and development were limited to and contingent on their expansion. Throughout Jamaica’s history, agents of these external forces have acted from within to institutionalize the country’s underdevelopment and external dependency. Consistent with the analyses of Pablo González Casanova, Ernst Mandel, and Samir Amin, internal colonialism/imperialism perpetuates the pernicious character and tendencies of colonial society that retard nascent national autonomy and self-sufficiency. Internal colonialism is structural in that it stems from the policies of the newly independent state as well as the colonizing power, which continues after

independence to exploit its former colony in a new imperialist relationship of neocolonialism. Jamaica's local elite collaborates with the neocolonizing country, or other external force, in a process of external exploitation from within. Such action is not surprising because the local elite has vested interests in both the local and metropolitan economies in order to protect their power domestically and continue to expand their wealth through external economic activities. Thus, it is in their best interest to work together with powerful external entities to institute conditions in Jamaica that benefit both directly.

This dependent-clientelist relationship has entrenched the plantation economy in Jamaica and kept the country in a perpetual state of underdevelopment and dependency on external resources and markets. Unfortunately for Jamaica's agriculture sector and its stakeholders, many policymakers charged with developing agriculture are part of this dependent-clientelist elite class of Jamaicans. In addition, elements of the private sector and civil society have worked from within to entrench destabilizing norms in Jamaica that they imported from external governments, institutions (i.e., the international financial institutions), and multinational corporations to protect their own interests aligned with and vested in these very external entities. As Mandel argued, the developing country's fortune is tied to the interests of united local and foreign capital. Metropolitan interests unite with those of local elites in this dependent-clientelist relationship such that the phenomenon of unequal exchange becomes the primary form of exploitation. Caribbean proponents of the radical new political economy school of development theory—among them, Walter Rodney, George Beckford, Norman Girvan, Carl Stone, Michael Witter, Lloyd Best, Owen Jefferson, and Michael Manley—understood this linkage and argued

that foreign direct investment (FDI), the primary means of foreign insertion into Caribbean economies, was the conduit through which self-interested external forces co-opted domestic societies and caused perpetual underdevelopment. Jamaica's fortune is thereby tied to the interests of united foreign and local capital, and powerful external forces are conveyed and institutionalized internally by domestic elites. Any growth resulting from this dependent-clientelist relationship is ultimately unsustainable. Indeed, as Samir Amin explained, growth in peripheral countries that is tied to growth in metropolitan countries is the development of underdevelopment and, per Cardoso's analysis, the foundation of associated dependent development

Of the hypotheses presented in Chapter 1 and explored throughout the research, the dissertation deemed all but one inconclusive because they are skewed towards either purely domestic or external forces when both forces have contributed—albeit not equally—to Jamaica's underdevelopment and dependency.⁵⁹⁵ External and internal forces did not create Jamaica's underdevelopment and dependency in a vacuum. They did so together in a mutually reinforcing relationship of external dependency and domestic clientelism. As discussed above and in previous chapters, both externally-driven and internally-motivated forces have exacerbated Jamaica's underdevelopment by entrenching and consolidating the colonial legacy of plantation economy elucidated by George Beckford and associated dependent development outlined by Fernando Henrique Cardoso. Hence, the dissertation deemed Hypothesis #3 to have the most persuasive explanatory force regarding Jamaica's underdevelopment and dependency. This hypothesis emphasizes the symbiotic role played by the external and internal forces

⁵⁹⁵ As argued elsewhere in this dissertation, external variables are deemed to have more explanatory force because external challenges can overwhelm any product Jamaica manages to produce with or without the presence of internally-motivated constraints.

discussed above in perpetuating Jamaica's colonial plantation economic legacy of underdevelopment and associated dependent development.

From a theoretical perspective, this dissertation vindicates the explanatory force and relevance to the developing country experience of several non-mainstream development paradigms. These include plantation economy, dependency-clientelism, and mercantilism, which are all consolidated as dependencia in this dissertation. Despite assertions to the contrary, dependency theory is still a relevant explanatory framework for utilization in assessing many developing countries' politico-economic experience and condition. As noted earlier, Jamaica is a liberal democratic capitalist regime per the neoliberal prescription embodied in the Washington Consensus. However, Jamaica has not experienced the kind of growth and development that neoliberalism promises. Jamaica is not unique in this regard. Countless other developing countries throughout Latin America, the Caribbean, and Africa also implemented structural adjustment conditionalities in the 1970s-1990s and liberalized their trade and finance regimes. Like Jamaica, they too are waiting for the growth and development promised by the neoliberal model. These countries are mired in a state of dependent capitalism that fosters associated dependent development and militates against sustained, self-reinforcing growth needed for balanced, autonomous development. In Jamaica's case, growth due to tourism and remittances is a clear manifestation of unsustainable dependent capitalism. Tourism and remittances were Jamaica's largest sources of national income in 2003. However, these activities are unsustainable because they are not based in production and are extremely susceptible to external shocks. As Cardoso asserted, dependent capitalism remains underdeveloped because it must respond to the demands of transnational capital and because it cannot independently ensure capital accumulation.

The path to balanced, autonomous development for Jamaica and similarly situated countries lies in finding a way to moderate this dependence. First and foremost, the local population—encompassing the public and private sectors as well as civil society—must acknowledge domestically-motivated constraints on development and work towards eliminating them. For Jamaica, cooperation by domestic elites in formulating and implementing a comprehensive national development strategy that emphasizes productive activities to which Jamaica is ideally suited—i.e., agriculture—is crucial in this regard. Domestic policymakers, businessmen, and civil society leaders must collaborate more, using the country's democratic process to build political will for implementing a new

strategy that recognizes the implausibility of primary commodity export-led growth, emphasizes increased local production of primary and secondary (and eventually tertiary) goods for both domestic consumption and export, and builds the local infrastructure necessary for transforming the country's productive capacity from primary commodity production to expanded value-added production. To compete more effectively in the world trading regime, Jamaicans must build on their country's natural comparative advantage in agriculture and leverage its brand equity in international cuisine—i.e., the jerk phenomenon. Effective state action is the primary methodology for effecting developmental change in agriculture. To be sure, the state must create the conditions for growth. These conditions include vastly improved social and farming infrastructures, a more facilitative enabling policy environment, streamlined sectoral linkages, and an attractive climate for investment for growth. Ordinary Jamaicans must push policymakers to work with industry to create these conditions as well as diversify agricultural production, cultivate a stronger agro-processing sector to add value to the country's agricultural exports, and build stronger linkages among the farming, tourism, bauxite, and manufacturing sectors. As evidenced by recent articles in the *Jamaica Gleaner* and *Jamaica Observer*, this process of political action from below is currently occurring in Jamaica. As increasing numbers of ordinary Jamaicans gain access to information about the precarious condition of Jamaica's agriculture sector and overall economy, popular activism on behalf of Jamaica-produced goods is increasing. The "Buy Jamaica" campaign recently initiated by the Jamaica Agricultural Society in collaboration with the Jamaica Manufacturers Association is significant in the regard. Local farmers are also becoming empowered and are pushing government to expand

linkages between farming and tourism so that they can expand their access to Jamaica's many tourist resorts and hotels.

Cooperation by external entities such as the World Trade Organization, World Bank, and IMF, and powerful advanced country state actors that wield significant influence in and over developing country fortunes is also vital. Action by these entities is essential for moderating, if not eliminating, rich country trade barriers to developing country agricultural and other export products in order to put these countries on the road towards balanced, autonomous development. Remedial action by poor country domestic actors cannot by itself propel development. Such action needs a supportive global enabling environment to succeed in its mission. To that end, elimination of agricultural subsidies, tariff barriers, and quotas against developing country farm goods is essential. Action by regional integrative arrangements is another key methodology for increasing agricultural development in developing countries. With respect to Jamaica and other member states, CARICOM must extend its traditional focus on elites to the masses in order to generate sufficient political support in its member states for consolidation of Caribbean regional integration that fosters collective self-reliance. CARICOM must incorporate the voices of all segments of the Caribbean's people in a comprehensive regional development strategy that better reflects and addresses member states' unique needs. In effect, the traditional leaders of CARICOM, namely Caribbean elites, must transition the organization beyond elite politics and employ a more pluralist outlook that fosters inclusivity, collaboration, and unity. Maybe then, member state representatives would embrace full integration by transitioning CARICOM from a customs union to a common market and reject their tendency towards nationalism, personality politics, and

elite politics, which impede transformative decision-making and action for regional development. As recommended for Jamaica and other developing natural resource economies, CARICOM should also prioritize agriculture as a cornerstone of any regional development strategy it creates. Indeed, CARICOM should encourage production and export diversification, export market penetration, improved productivity, and enhanced competitiveness in and for member states. In so doing, CARICOM member states will better navigate the world trading regime and engender the type of self-reliant development that will go a long way towards eradicating their dependency, underdevelopment, and marginalization.

This dissertation concluded that constraints from without and within have exacerbated associated dependent development in Jamaica, the Caribbean, and much of the Third World by retarding agricultural development, worsening socioeconomic welfare, and stymieing self-reinforcing, sustainable growth and development. This finding vindicates as valid explanatory frameworks the theoretical constructs of underdevelopment and dependency asserted by members of the dependencia school of economic development theory. These constructs, which are quite evident in the Jamaican experience and those of many countries in the Caribbean and Third World, include the colonial legacy of plantation economy (George Beckford), internal colonialism/imperialism (Pablo González Casanova, Ernst Mandel, and Samir Amin), dependency-clientelism (Carlene Edie), and associated dependent development (Fernando Henrique Cardoso). This dissertation encourages Jamaicans and people in similarly situated developing countries to throw off the yoke of associated dependent development by collaborating with others in society to create and implement a

comprehensive development plan that leverages the country's factor endowment in productive activity. Jamaica's factor endowment is in agriculture. Therefore, the decisionmakers in Jamaica should prioritize agriculture and encourage expansion of production, increased productivity, export diversification, and expanded agro-industry to facilitate a balanced, self-reinforcing development that is based in sustainable productive activity.

In conclusion, of the possible explanations for Jamaica's underdevelopment and dependency posed in Chapter 1, this dissertation determined Hypothesis #3 as the most conclusive explanation for the underdevelopment and dependency that is prevalent in the case of Jamaica, other CARICOM states, and much of the Third World.

H3: Embedded structures of underdevelopment established by external forces and entrenched by domestic forces perpetuated the colonial plantation economic legacy of underdevelopment and associated dependent development.

This hypothesis explored the existence in Jamaica of embedded structures of underdevelopment that are attributable to both externally-driven and internally-motivated forces. These include, among others: Jamaica's pervasive land inequality, stagnation of domestic agriculture, dependence on PTAs as export vehicles, high cost of capital which limits producer access to funds for retooling, insufficient output diversification for both export and domestic consumption, and declining productive capacity. The dissertation found hypotheses #1 and #3 inconclusive.

Hypothesis #1 and related sub-hypotheses addressed the external pressures that have retarded development from without as a possible explanation for Jamaica's underdevelopment. Such forces include the legacy of plantation economy; World Bank-International Monetary Fund (IMF) structural adjustment conditionalities; rich country

protectionism in agricultural trade; and bilateral preferential trade arrangements that fostered dependency and apathy in Jamaica, thereby hindering its development. The research evaluated the following hypothesis and related sub-hypotheses:

H1: External factors retarded Jamaica's development by exacerbating the colonial plantation economic legacy of underdevelopment and associated dependent development.

H1a: Structural adjustment lending retarded Jamaica's development by skyrocketing the country's debt and debt service obligations, which diminished reinvestment into the economy; by pushing increasingly large numbers of small farmers off the land and into urban unemployment; and by entrenching the emphasis on export-led development based on select primary exports to the detriment of cultivating full agro-industrial capacity fundamental to developed country economies and attaining food security.

H1b: Multilateral and bilateral trade arrangements retarded Jamaica's development by discriminating against processed exports that would increase Jamaica's value-added, thereby discouraging the full maximization of Jamaican agro-industry; by protecting developed country market hegemony in not penalizing the perpetuation by those countries of high tariff barriers to products of developing country export interest; and by attacking the preferential trade arrangement (PTA) as antithetical to the "free" trade regime, forcing a challenge to the premise that developing countries, by nature of their underdevelopment, are entitled to special and differential (S&D) treatment while transitioning to the "free" trade regime.

H1c: Rich country agricultural subsidies, domestic and export, encourage overproduction of surpluses that are "dumped" in poor countries like Jamaica under the guise of food aid or sold at artificially low prices that undermine domestic production, productivity, and competitiveness.

The research found all these hypotheses inconclusive because they distort the analysis by prejudicing externally-driven forces as the sole cause of Jamaica's underdevelopment and dependency. While structural adjustment lending, multilateral and bilateral trade arrangements, and rich country agricultural protectionism certainly contributed to Jamaica's marginalization in the world trading regime, they do not, individually or collectively, constitute the only cause of Jamaica's associated dependent development.

Internally-motivated forces also played a part.

Hypothesis #2 and related sub-hypotheses addressed the internal forces that have impeded development from within. These forces foster inefficiency and instability, which impede economic growth and development. They include: weak institutions in both the public and private spheres; inadequate and/or inappropriate use of technology; poor farming infrastructure, especially roads for transporting goods from farmgate to market; private sector apathy and dependence on government to mobilize growth; and tribal politics based on clientelism and rent-seeking, which has entrenched the retardate plantation economy in Jamaica. The research evaluated the following hypothesis and related sub-hypotheses:

H2: Domestically motivated forces impeded Jamaica's development from within by perpetuating the colonial plantation economic legacy of underdevelopment and associated dependent development.

H2a: Tribal politics and clientelism impeded Jamaica's development by allowing business elites to co-opt government to further their middle/upper class agenda which typically coincided with the interests of international business, not the interest of the Jamaican masses, many of whom are small farmers.

H2b: Apathetic and complacent dependence on PTAs for their guaranteed high price points for primary commodity exports precipitated quota shortfalls and discouraged innovation and expansion into higher value production.

H2c: Weak institutions, manifested in a dearth of transformative agricultural reform projects and initiatives and in pervasive bureaucratic inefficiencies and malfeasance, impeded Jamaica's development.

The research deemed all these hypotheses inconclusive because they distort the analysis by prejudicing domestically-motivated forces as the sole cause of Jamaica's underdevelopment and dependency. While these and other internally-motivated forces undoubtedly contributed to Jamaica's marginalization in the world trading regime, they do not, individually or collectively, constitute the only cause of Jamaica's associated dependent development. Externally-driven forces also played a part.

The research indicts various embedded structures of underdevelopment that were (and continue to be) established by external forces and entrenched by domestic forces. These structures of underdevelopment include, along with those mentioned above, the following: the system of export led primary commodity agriculture based on monocropping of a few commodities; limited development of the country's productive capacity latent in its factor endowment; trade accommodation in the face of metropolitan country trade protectionism, and; the non-inclusive nature of government, which is dominated by elites endowed with both political and economic power, contributing the big man-small man characteristic of Jamaican society that feeds the country's political tribalism, economic oppression of the masses, and crime. Without question, these externally-driven and domestically-motivated forces acted in tandem throughout Jamaica's history to perpetuate the colonial plantation economic legacy of underdevelopment and associated dependent development. Unfortunately for Jamaica's productive capacity, food security, and even national security, these forces continue unchecked and threaten to forever marginalize Jamaica as a poor, primary commodity exporting and net food importing natural resource economy in a world trading regime where knowledge-based production and trade based on competitive advantage are the norms of the day. As argued throughout this research, Jamaicans must act expeditiously to capitalize on Jamaica's resource endowment and international brand equity by enhancing productive capacity, diversifying its export base, and expanding agro-industry to reverse the country's trajectory of dependency and underdevelopment and propel balanced, self-reinforcing development.

APPENDIX

Appendix A: Backgrounder on Preferential Trade Agreements (PTAs) Benefiting Jamaica

A preferential trade agreement (PTA) is a bilateral trade agreement between a group of aligned developing countries and a single developed country or in the case of the European Union, a group of aligned developed countries. As is the case of the EU's preferential trade agreements with beneficiary countries—its Lomé Conventions with former colonies in African, Caribbean, and Pacific (ACP) countries for example—some PTAs include commodity arrangements giving beneficiaries duty-free and sometimes quota-free access to the developed country market for certain agricultural goods. Commodity arrangements have come under fire given the current global economic climate reflecting the dominance of neoliberal conceptions of trade and development and the expectation that all WTO members extend equal treatment towards other member countries.⁵⁹⁶ Bilateral trade agreements are so popular today that they have become ubiquitous, particularly after the breakdown of last year's WTO's Cancun Ministerial. Countries negotiate these agreements for economic, political, national security, and other reasons. The bilateral agreement has become the means by which countries, both developing and advanced, will try to make the economic and political gains that they are not afforded in the multilateral trading regime. "The granting of non-reciprocal trade preferences to developing countries by developed countries on a unilateral basis has been a traditional mechanism for developed-developing country trade relationships. Such preferential trading schemes include the CBI, CARIBCAN, and ATPA in the Western Hemisphere; SPARTECA in Oceania; the cross-regional Lomé Convention; and the GSP with global coverage."⁵⁹⁷ Given their importance to Jamaica, the primary PTAs at issue in this research project are the U.S.'

⁵⁹⁶ This equal treatment is termed most-favored nation (MFN) treatment in WTO vernacular.

⁵⁹⁷ Mendoza et al. 1999, Ch. 4.

Caribbean Basin Initiative (CBI), Canada's CARIBCAN, and the European Community's Lomé Convention. Brief histories of each arrangement follow.

President Reagan announced the Caribbean Basin Initiative in February 1982 at an Organization of American States (OAS) meeting. The program became law in 1984 as the Caribbean Basin Economy Recovery Act (CBERA) and, from the start, was widely perceived in the U.S. and many Caribbean countries as a magnanimous gesture by the U.S. to help Caribbean countries develop industries and boost their export capacity. However, critics perceived the CBI as a manifestation of the U.S.' push for hegemony in the western hemisphere and the world at large. According to Bakan et al., “[t]he Caribbean Basin Initiative was one of the earliest expressions of the ‘new reality’ in American foreign policy-making. Presented as an Economic Recovery Act, and indeed forcefully pressing the small Caribbean island states to reorient their trade towards the U.S., the CBI was nonetheless a building block in the construction of a new North American trade bloc under U.S. hegemony...[W]ith greater or lesser degrees of reluctance, Caribbean governments and opinion leaders have felt obliged to co-operate in implementing the CBI policies, even when these appear not to serve the best interests of their countries or the region.”⁵⁹⁸ To fully understand the U.S.' rationale for granting such a small, seemingly insignificant region large-scale trade and aid concessions, one must probe the Caribbean's geopolitical strategic importance and potential threat to U.S. hegemony.⁵⁹⁹ To be sure, “[t]he CBI, accompanied as it was by very large increases of U.S. military aid and force commitments in the region, was in this sense a traditional U.S. policy response, but with a significant new twist—the attempt to redirect Caribbean trade and economic links away from

⁵⁹⁸ Bakan et al. 1993, 1-2.

⁵⁹⁹ In light of the region's various revolutionary movements—Cuba's communist movement; El Salvador's guerilla resistance movement; Nicaragua's Sandinista revolution; and Grenada's New Jewel movement—the U.S. has reason to fear the Caribbean's potential to threaten its hegemony.

regional multilateral relations (and away from traditional links to other industrial powers such as Canada and the UK) towards bilateral ties to the U.S., under the auspices of ‘free trade.’”⁶⁰⁰ The CBI has three primary components: bilateral aid, tax incentives for U.S. corporations operating in the region, and concessionary trade arrangements.⁶⁰¹ Utilizing the logic that trade contributes to growth more so than aid, beneficiary countries view the third component as the most important. However, during its negotiations process, the U.S. Congress bowed to domestic special interests and denied duty-free status to many proposed Caribbean products that contribute most to growth, including textiles, apparel, petroleum, petroleum products, and leather goods. Moreover, the products granted duty-free access were subjected to quotas and other non-tariff barriers to trade, including safeguard action.⁶⁰² Despite its promise of plenty, the CBI has not realized any significant export growth for beneficiary countries. On the contrary, the program—even as the expanded CBI II—has had positive results for the U.S. and dismal results for the Caribbean.⁶⁰³ It is instructive to note that over a five-year period from 1984 to June 1989, “[t]otal U.S. imports from CBI beneficiaries...declined over this period by over 27 percent while U.S. exports to these countries rose by 80 percent. As a result, U.S. trade surplus with the region increased.”⁶⁰⁴ Since that time, benefits to the Caribbean have not increased significantly. Indeed, an argument can be made—and will be by this research—that the CBI has reinforced dependent development in countries of the region instead of propelling self-sustaining development.

⁶⁰⁰ Bakan et al. 1993, 5.

⁶⁰¹ Ibid., 2.

⁶⁰² Under the CBI, Caribbean sugar exports including syrup and molasses are subject to quota. Due to a loophole in WTO law, governments can institute a safeguard action when they deem imports a threat to domestic industry. The U.S. recently utilized its safeguard option to impose tariffs of up to 30% on imported steel.

⁶⁰³ CBI II became law in August 1990. A third modification, the Caribbean Basin Trade Preference Act (CBTPA) or CBI 2000, became law in 2000.

⁶⁰⁴ Bakan et al. 1993, 8

The Canadian government announced CARIBCAN in February 1986 and it became law four months later in June 1986. CARIBCAN is very similar to the CBI in that it extends duty free access to a wide range of Caribbean exports, not including certain key export products such as textiles, clothing, footwear, luggage, handbags, leather garments, methanol, and lubricating oils. Although CARIBCAN has helped Jamaica and other beneficiary countries increase their export earnings to a degree, Caribbean government leaders have complained that the program is outdated and should be expanded. Jamaica's prime minister, for example, recently complained that CARIBCAN has "not lived up to expectations." This dissatisfaction led CARICOM's leaders to approach Prime Minister Chrétien at the 2001 Canada-CARICOM Summit with a request that Canada and CARICOM negotiate a stronger free trade agreement broadening CARIBCAN to more products and additional trade-related areas. The Canadian government is currently reviewing that proposal. This research will evaluate CARIBCAN's effect on Caribbean development and will explore the possibilities of a reformulated agreement.

The European Union first instituted the Lomé Convention (Lomé I) in 1975 to benefit the African, Caribbean, and Pacific (ACP) states that were previously colonies of EU member nations. Three subsequent modifications followed; Lomé IV went into effect in 1990 and remained in force through February 2000. A successor agreement to Lomé IV, the Cotonou Convention, was renegotiated shortly thereafter in June 2000. However, the parties agreed to a transition period of eight years during which time Lomé's provisions will persist to allow the beneficiary countries time to restructure their economies and trading regimes to compete effectively in an open global trading regime sans preferences.

Lomé provided for "non-reciprocity, for protection of traditional arrangements, and for no difference in treatment between independent Caribbean countries and the self-governing

territories of EC member states in the region.”⁶⁰⁵ The Convention had three components: trade provisions; aid provisions; and a political facet. All three components were brought into question by the U.S.’ 1996 case at the WTO challenging the EU-ACP banana commodity arrangements. This case contributed in large part to Lomé’s reformulation, severely restricting its commodity protocols to only those ACP beneficiaries designated least developed countries (LDCs) by the United Nations. Understandably, this Cotonou reformulation is a key concern for the other ACP countries soon to be expelled from Lomé beneficiary status, including the Commonwealth Caribbean. While the loss of EU aid is an issue, Lomé’s trade provisions have always been more significant to Caribbean beneficiary countries due to their relatively high per capita income vis-à-vis African and Pacific beneficiary countries. Trade provisions included privileged commercial access, trade preferences, and guaranteed quotas for certain agricultural products, all of which allowed Caribbean beneficiaries to achieve a measure of growth. Lomé also included special trade protocols for ACP sugar, bananas, rum and rice exports—all key income generators for the Caribbean ACP countries. Losing these preferences will no doubt damage these vulnerable economies. This research assesses the extent to which Lomé helped grow Jamaica’s economy and put the country on a path towards autonomous, self-reinforcing development and explores the implications for Jamaica of the changes to be effected by the Cotonou Convention.

⁶⁰⁵ Clegg 1997.

Appendix B: Interview Questions

I. Impact of globalization and trade liberalization on development

A. General trade

1. How do you view Jamaica's politico-economic condition vis-à-vis the global economy?
2. How do you view Jamaica's economy—developed, underdeveloped, developing, and/or dependent? Why?
3. What is Jamaica's place/role in the global economy? Is this place adequate for maximizing national development and self-sufficiency? If not, what place/role would be adequate?
4. What factors—internal and/or external—have constrained Jamaica's development? Facilitated dependency?
5. What are the key problem areas that have impeded growth opportunities, investment, and employment in Jamaica?
6. How has Jamaica's colonial past shaped the country? The agricultural sector?
7. Is a strong, productive agricultural sector essential for Jamaica's development?
8. In light of the previous and foreseen challenges to developing country commodity arrangements is agriculture obsolete? Should Caribbean governments redirect expenditure from agriculture to other strong FOREX earning sectors, namely tourism?
9. How has Jamaica adapted to the challenges of changing patterns of trade and technological innovation?
10. Has the WTO benefited or harmed Jamaica's agriculture? How?
11. Does the WTO discriminate against products of export interest to developing countries?
12. What factors are constraining Jamaica's trade capacity and competitiveness? What is being done to overcome these constraints?
13. How has foreign investment—both portfolio capital and FDI via the multinational corporation (MNC)—affected Jamaica's development? Its agriculture sector?
14. Can Jamaica realistically segue from primary commodity exporter to exporter of mainly agro-industrial products, transforming raw agricultural goods via the creation of value-added? Is such a transition desirable for Jamaica? Why or why not?
15. What role, if any, remains for the state in promoting industrialization and growth in this new era of liberalization and globalization?

B. Preferential trade agreements

1. Have bilateral arrangements with the US and EU—such as the CBI and Lomé—facilitated development for Jamaica? Or, have they encouraged Jamaica to be dependent on these countries and on the export-led model of development emphasizing traditional commodity exports, thereby discouraging diversification into industry?
2. Will Jamaica and other Caribbean countries survive economically (without incurring additional debt to offset the transition) after its bananas and sugar no longer qualify for duty-free access into the EU?

C. Structural adjustment

1. How has Jamaica's experience with IMF/World Bank structural adjustment programs shaped its political and economic development? Its agriculture sector?
2. How has the government's implementation of Bank/Fund structural adjustment conditionalities affected the agricultural sector? Could the government have implemented structural adjustment conditionalities more efficiently and productively? Has the government exacerbated the impact of structural adjustment conditionalities on agricultural development?

D. Regional integration

1. Has CARICOM been a help or hindrance to development in Jamaica?
2. Can CARICOM help Jamaica and the larger Caribbean achieve genuine development?
3. How do you rate CARICOM's effectiveness as a regional trade bloc and potential as a single market economy? Is the region positioned to meet its international trade obligations with respect to a single market economy? How is CARICOM facilitating the region's transition?
4. How is the region preparing for the Free Trade Area of the Americas (FTAA)?

E. Agriculture (Section added during field research in Jamaica in attempt to probe further than allowed by questions in Section A into the constraints on agriculture)

1. What are the direct problems facing agriculture, especially the traditional export products, i.e. sugar, banana, and coffee?
2. In what agricultural products can Jamaica be competitive in the world trading regime?
3. Where do you see the Jamaican small farmer in local production and in the global economy?
4. What forces are impeding Jamaica's full-fledged transition to agro-industrial processing and export versus primary production/export?

F. Labor (Section added during field research in Jamaica to allow for questions specifically targeted to labor union interviewees)

1. What are Labor's concerns vis-à-vis agriculture?
2. Has Labor helped or impeded Jamaica's agricultural development?
3. What vision does Labor have for agriculture? Jamaica? What role will Labor play to realize this vision?
4. Was/is Jamaica's agricultural development retarded by traditional labor-intensity, i.e. by resisting mechanization, innovation, and increased technical capacity.

II. Public-private sector participation and partnership

1. How can the private sector enhance Jamaica's agricultural productivity and competitiveness? Has the private sector been engaged in these activities?
2. Is the region's private sector positioned to become a competitive engine for growth?
3. What are the most binding economic and institutional constraints on private-sector activities in Jamaica and CARICOM?
4. Why have macroeconomic reforms in CARICOM countries been insufficient to bring about faster private investment and economic growth?

III. Rural development and poverty

1. Is rural development a necessary prerequisite for national development? What is the state of rural Jamaica?
2. How have macroeconomic reforms and structural adjustment, generally, and the liberalization of agriculture and price reforms, specifically, affected rural incomes, agricultural efficiency, and rural labor productivity?

IV. Governance: Fostering efficiency and participation

1. What has been Jamaica/CARICOM's experience with governmental reform—i.e., the nature, pace, and agenda of?
2. On the integrity of government: how would you define integrity? Why is it relevant with respect to economic or social development? How has Jamaica/CARICOM fared with regards to the design of effective rules and regulations for combating corruption and/or rent-seeking?
3. How have Jamaica's institutions fostered or impeded development?

Appendix C: Backgrounder on the World Trade Organization (WTO)

The WTO monitors and enforces international trade rules and is the forum wherein member countries negotiate and dispute these rules. It is the successor to the General Agreement on Tariffs and Trade (GATT) multilateral trading system. The GATT was created in 1947, in the aftermath of World War II, to encourage member countries to remove barriers to trade to facilitate economic growth and prosperity for all. Over the years, GATT members met in “rounds” to negotiate further trade liberalization. To date, eight rounds have occurred in the GATT regime. The Uruguay Round, the most recent to date, resulted in the creation of the WTO to administer trade agreements, facilitate trade negotiations and resolve trade disputes. It ended in 1994 after nearly eight years of negotiations. Many developing countries signed on to the WTO, marking the first time they formally endorsed the GATT and the existence of a multilateral trading regime.

The WTO expanded the GATT’s reach and scope. For starters, the WTO required signatories to phase out quotas on textiles and clothing over a ten-year period. The WTO, unlike the GATT, also applied to trade in services, intellectual property rights, investment and government purchases. Signatories agreed to accept WTO rules as a single package and not simply selected rules as had applied in the GATT regime. To operationalize the WTO’s rules, countries must amend existing domestic laws or implement new ones; countries may bring suit against other countries that neglect to do so. Where the GATT had no enforcement mechanism, the WTO includes a binding dispute settlement mechanism. Although the WTO cannot compel a country to implement its rules, it can compensate an injured country by allowing it to impose

retaliatory tariff measures against the offending country's goods equivalent to the value of the loss incurred. Alternatively, the offending country may decide to implement the WTO's rules after all and lower its barriers to imports from the injured country.

The WTO's principles are: 1) trade without discrimination, embodied in the most favored nation (MFN) and national treatment principles; 2) elimination of barriers to trade, both tariff and non-tariff; 3) predictability through binding; 4) competition through elimination of unfair practices such as export subsidies and dumping; and 5) special and differential treatment for developing countries to facilitate their integration into the world trading system. Its highest decision-making body is the Ministerial Conference, a biennial meeting of cabinet level trade officials from member countries. The 1999 Seattle Ministerial is renowned for its turnout of activist groups protesting the adverse impact of trade liberalization on developing countries, labor, and the environment. The most recent ministerial occurred in November 2001 in Doha, Qatar. The Doha Ministerial launched the Doha Round of multilateral trade negotiations now underway at the WTO.

Currently, 146 countries are members of the WTO, including the economic superpowers—the United States, Japan, Canada and the European Union (EU)—which collectively provide “Quad” leadership for the organization. Developing countries constitute the majority of the WTO's membership and represent a powerful voting bloc. Brazil and India, leaders of the recently formed G-20 of developing countries, are two of the most powerful developing country members. Members submit proposals for reform as self-agents or as part of multi-country coalitions and alignments. Jamaica has

submitted proposals as part of two country coalitions: CARICOM and the small island developing states (SIDS).

Appendix D: Key WTO Players and their Negotiation Position vis-à-vis Agriculture

Country	Position
United States	<ul style="list-style-type: none"> • Liberalization • Maintenance of domestic subsidization program
European Union	<ul style="list-style-type: none"> • Gradual managed liberalization • Maintenance of domestic subsidization program, the Common Agricultural Policy (CAP) • Address the supply-demand imbalance
Japan	<ul style="list-style-type: none"> • Maintenance of protectionist policies
Cairns Group	<ul style="list-style-type: none"> • Widespread liberalization including the elimination of export subsidies, reductions in import restrictions and subsidies
Other developing countries (including net food importing developing countries such as Jamaica)	<ul style="list-style-type: none"> • Emphasize the link between agriculture and development • Protect developing country agricultural markets to ensure development • Gain better market access to developed country markets

Source: Wendy Phillips, *Why Children Stay Hungry: Agricultural Trade, Food Security and the WTO* (Canada: World Vision, 2001).

Appendix E: Reduction Commitments Mandated by the WTO Agreement on Agriculture (AoA)

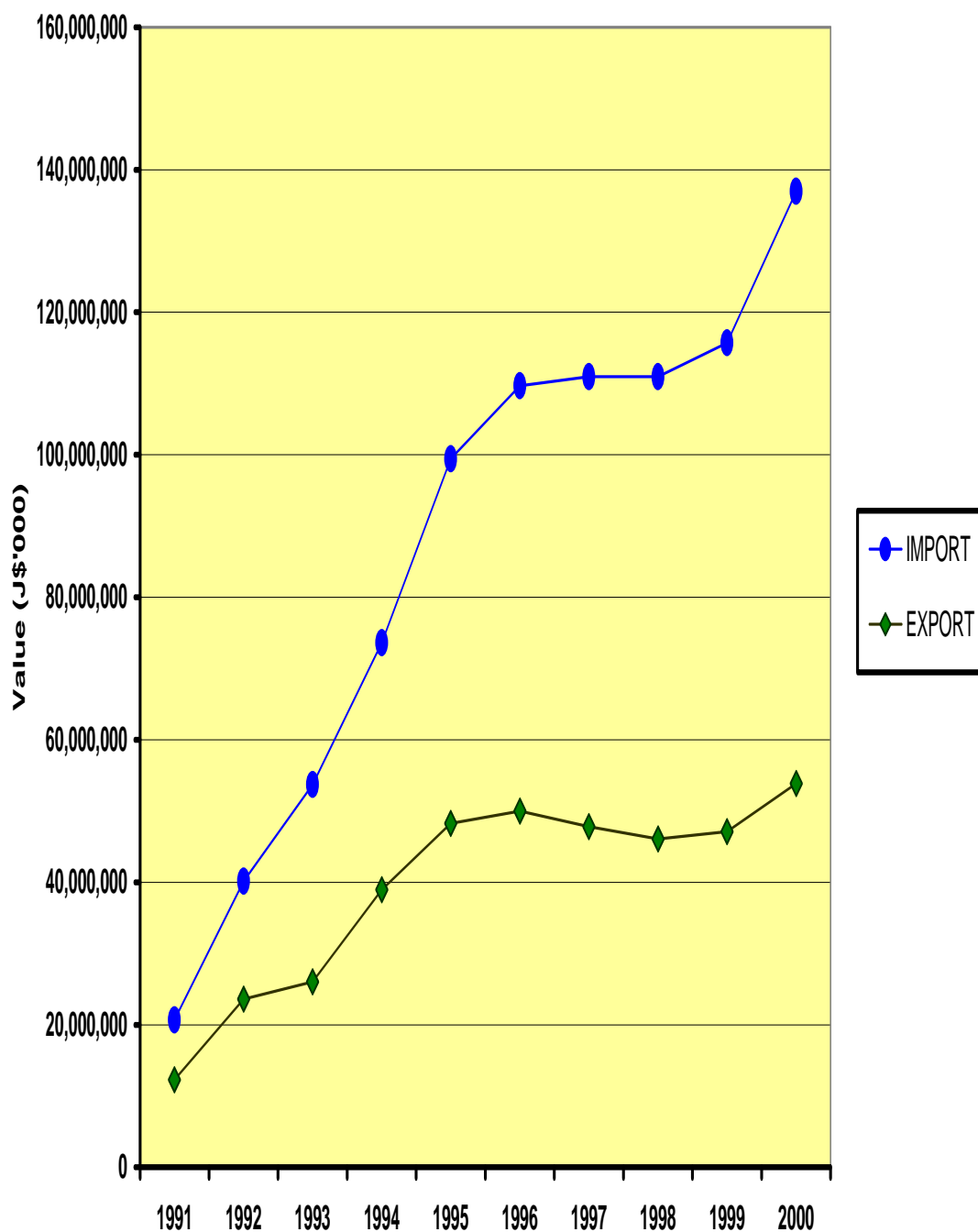
	Developed countries 6 years: 1995–2000	Developing countries 10 years: 1995–2004
Tariffs		
Average cut for all agricultural products	–36%	–24%
Minimum cut per product	–15%	–10%
Domestic support		
Cuts in total (“AMS”) support for the sector	–20%	–13%
Export subsidies		
Value of subsidies	–36%	–24%
Subsidized quantities	–21%	–14%

Source: *WTO Agriculture Negotiations: The issues, and where we are now* (World Trade Organization 2002), http://www.wto.org/english/tratop_e/agric_e/agnegs_bkgrnd_e.pdf.

Appendix F: Total External Trade 1970-2001					
PERIOD	IMPORTS			EXPORTS	
	BALANCE OF VISIBLE TRADE	COMBINED IMPORTS	TOTAL EXPORTS	DOMESTIC EXPORTS	RE-EXPORTS
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
1970	-183,330	525,400	342,070	335,210	6,860
1971	-213,820	533,050	339,230	330,230	9,000
1972	-245,850	636,030	390,180	379,950	10,230
1973	-286,390	676,630	390,240	382,800	7,440
1974	-204,610	935,520	730,910	718,440	12,470
1975	-272,000	1,123,550	851,550	836,970	14,580
1976	-280,260	912,760	632,500	616,960	15,540
1977	-22,880	746,850	723,970	711,210	12,760
1978	-82,630	864,700	782,070	772,170	9,900
1979	-188,090	1,002,820	814,730	806,330	8,400
1980	-216,160	1,173,820	957,660	935,460	22,200
1981	-491,690	1,467,110	975,420	966,240	9,180
1982	-607,380	1,375,920	768,540	746,670	21,870
1983	-595,190	1,280,930	685,740	673,140	12,600
1984	-480,891	1,183,241	702,350	687,860	14,490
1985	-575,047	1,143,603	568,556	535,100	33,456
1986	-378,275	969,113	590,838	567,161	23,677
1987	-524,263	1,234,273	710,010	692,380	17,630
1988	-566,403	1,449,449	883,046	861,172	21,874
1989	-872,871	1,873,282	1,000,411	965,254	35,157
1990	-784,901	1,942,392	1,157,491	1,122,681	34,810
1991	-677,847	1,828,576	1,150,729	1,056,637	94,092
1992	-721,793	1,775,396	1,053,603	1,031,830	21,773
1993	-1,113,867	2,189,243	1,075,376	1,058,322	17,054
1994	-1,013,575	2,233,199	1,219,624	1,184,245	35,379
1995	-1,395,024	2,831,778	1,436,754	1,388,130	48,624
1996	-1,546,409	2,933,657	1,387,248	1,346,973	40,275
1997	-1,740,478	3,127,801	1,387,323	1,354,646	32,677
1998	-1,713,128	3,029,433	1,316,305	1,265,911	50,394
1999	-1,713,858	2,959,531	1,245,673	1,211,167	34,506
2000	-2,006,193	3,307,210	1,301,017	1,259,145	41,872
2001	-2,179,457	3,402,587	1,223,130	197,191	25,939

Source: *External Trade 2001*, Statistical Institute of Jamaica (2002)

Appendix G: VALUES OF IMPORTS AND TOTAL EXPORTS 1990-2000



Source: *Pocket Book of Statistics 2000*, Statistical Institute of Jamaica (2002)

Appendix H: Production of Traditional Export Crops 1988 - 2002

Year	Sugar Cane		Bananas		Pineapples		Coconut		Cocoa		Coffee		Peanut		Ginger	
	Quantity '000	% Change over previous year	Quantity '000	% Change over previous year	Quantity '000	% Change over previous year	Quantity '000	% Change over previous year	Quantity metric tonnes	% Change over previous year	Quantity metric tonnes	% Change over previous year	Quantity metric tonnes	% Change over previous year	Quantity metric tonnes	% Change over previous year
1988	2,603	29.3	156,313	-2.5	26,173	-7.1	174,042	7.2	3,871	-51.4	12,192	20.6	1,920	-19.8	632	-21.4
1989	2,331	-10.5	172,654	10.5	9,916	-62.1	73,495	-57.8	3,465	-10.5	4,872	-60.0	3,720	93.8	600	4.4
1990	2,613	12.1	202,863	17.5	27,568	178.0	77,694	5.7	4,973	43.5	7,173	47.2	1,583	-57.4	865	31.0
1991	2,775	6.2	219,081	8.0	26,692	-3.2	96,348	24.0	4,757	-4.3	9,456	31.8	438	-71.1	827	-4.3
1992	2,602	-6.2	217,931	-0.5	28,409	6.7	114,297	18.6	6,418	34.9	9,526	0.7	2,100	358.5	761	-8.0
1993	2,715	4.3	226,048	3.7	35,811	25.8	137,235	20.1	5,366	-16.4	10,524	10.5	1,300	-38.1	730	-4.1
1994	2,513	-7.4	229,545	1.5	35,374	-1.2	143,841	4.8	7,333	37.0	9,134	-13.2	1,524	17.2	783	7.3
1995	2,340	-6.9	237,797	3.6	34,769	-1.7	138,982	-3.4	4,724	-33.8	15,308	68.6	1,372	-10.0	452	-42.3
1996	2,648	13.2	250,954	5.5	33,831	-2.7	154,807	11.4	5,203	10.1	15,288	-0.7	1,372	0.0	617	36.5
1997	2,446	-7.6	233,035	-7.1	26,340	-22.1	149,737	-3.3	2,142	-58.8	17,146	12.2	711	-88.2	513	-16.9
1998	2,270	-7.2	216,746	-7.0	22,489	-14.6	141,599	-5.5	3,924	83.2	16,873	-1.6	N.A.	0.0	376	-36.7
1999	2,330	2.6	208,987	-3.6	27,524	22.4	142,801	0.9	3,066	-21.9	13,110	-22.3	N.A.	0.0	276	-36.6
2000	2,041	-12.4	200,899	-3.9	22,332	-18.9	140,400	4.6	1,676	-45.3	16,479	25.7	N.A.	0.0	229	-17.0
2001	2,249	10.2	201,213	0.2	21,549	-3.5	122,200	-18.2	2,461	46.8	9,147	-44.5	N.A.	0.0	250	9.2
2002	1,993	-11.4	200,837	-0.2	20,884	-3.1	110,045	-9.9	1,257	-48.9	13,566	48.3	N.A.	0.0	295	18.0

Source: *Production Statistics 2002*, Statistical Institute of Jamaica (2003)

Appendix 1: Production of Non-Traditional Export Crops 1988 - 2002

Unit of Quantity	Peanuts		Cashew		Tame		Sweet Potato		Fresh Potato		Yams		Onions	
	metric tonnes	% Change over previous year	metric tonnes	% Change over previous year	metric tonnes	% Change over previous year	metric tonnes	% Change over previous year	metric tonnes	% Change over previous year	metric tonnes	% Change over previous year	metric tonnes	% Change over previous year
1988	1,598	-4.3	2,735	-38.8	211	-9.1	19,800	-28.6	9,893	4.8	166,866	-4.9	1,972	-3.0
1989	2,431	52.1	3,036	11.0	271	28.3	21,818	10.2	10,818	9.3	132,373	-20.7	2,732	38.5
1990	1,861	-23.5	4,211	38.7	353	30.1	21,462	-1.6	14,296	32.2	161,463	22.0	3,178	16.3
1991	2,386	28.2	2,645	-37.2	396	12.2	17,459	-18.7	7,548	-47.2	186,104	15.3	1,210	-61.9
1992	4,109	72.2	6,981	163.9	839	111.9	23,791	36.3	6,936	-8.1	214,387	15.2	4,496	271.6
1993	4,381	6.6	9,567	37.0	781	-6.9	26,763	12.5	9,134	31.7	221,928	3.5	3,877	-13.8
1994	4,257	-2.8	13,227	38.3	791	1.3	28,823	7.7	12,188	33.4	233,912	5.4	7,814	101.5
1995	4,140	-2.7	15,572	17.7	1,272	60.8	30,560	6.0	17,036	39.8	240,371	2.8	3,710	-52.5
1996	4,010	-3.1	11,799	-24.2	1,384	8.8	33,218	8.7	13,775	-19.1	253,371	5.4	4,238	14.2
1997	3,533	-11.4	9,318	-21.0	614	-55.6	23,314	-29.8	12,661	-8.1	212,567	-16.1	1,110	-73.8
1998	3,386	-4.7	10,497	12.7	1,020	66.1	27,132	16.4	8,652	-31.7	198,402	-6.7	2,457	121.4
1999	3,446	1.8	15,991	52.3	1,611	57.9	24,971	-8.0	7,697	-11.0	195,688	-1.4	1,639	-33.3
2000	2,766	-19.7	15,492	-3.1	1,351	-16.1	21,139	-15.3	5,416	-29.6	147,709	-24.5	1,219	-25.6
2001	4,436	60.4	17,507	13.0	1,668	23.5	24,870	17.6	6,711	23.9	157,557	6.7	788	-35.4
2002	3,015	-32.0	8,225	-53.0	1,347	-19.2	20,012	-19.5	5,394	-19.6	148,152	-6.0	1,050	33.2

Source: *Production Statistics 2002*, Statistical Institute of Jamaica (2003)

Appendix J: Backgrounder on the Regional Trade Arrangement (RTA) as an Agent of Development for Member States

Given the prominence of the European Union (EU) and the North American Free Trade Agreement (NAFTA) in the world trade regime and the growth they have generated for their poorest member countries, an increasing number of countries are buying into the logic of regional trade arrangements (RTAs), both hemispheric sub-hemispheric, as a means of stimulating economic development and fostering growth via expanded trade.⁶⁰⁶ Indeed, countries have even risen above geographical and cultural differences to forge alliances with distant countries at similar levels of economic development.⁶⁰⁷ The record demonstrates that regional trade arrangements permit individual countries to expand their trade opportunities, establish economies of scale, and negotiate with external countries and organizations as part of a bloc. In addition, regional trade arrangements allow countries to trade openly with other countries while retaining the protection of a quasi-free market arrangement.

Regional trade arrangements have existed for many years. They first arose in the developing world in response to European colonialism to help the former territories transition into independent, self-reliant countries. In light of their fragile politico-economic institutions, inexperience at self-governance, and concomitant vulnerability in the global economy, the member countries recognized they needed to marshal strength and resources in numbers. They also understood the potential economies of scale that could be realized from merging their production processes in region-wide industrialization schemes. These countries became increasingly committed to integration as their advanced country counterparts increasingly

⁶⁰⁶ The EU and NAFTA are examples of a hemispheric trade alliance while CARICOM and Mercosur exemplify a sub-hemispheric trade alliance.

⁶⁰⁷ For example, the Group of African Caribbean and Pacific (ACP) countries negotiate in the world trading regime as a bloc of less developed countries. In another example, the Asia Pacific Economic Cooperation forum (APEC) promotes open trade and economic cooperation among its 21 differentiated member economies.

frustrated their exports and, in defiance of the logic of comparative advantage which the advanced countries espoused so strongly in persuading developing countries not to industrialize, thwarted their efforts to gain full access to the advanced country markets.

Many developing countries view the regional trade arrangement as a source of protection and security. Such countries believe they cannot go it alone effectively in the morass that is the world trading regime. They believe the World Trade Organization, although established to administer international trade relations and level the playing field in the world trade regime, neither provides sufficient protection nor engenders equity in trade relations. In many instances worldwide, mini-economies and countries at low levels of economic development have either allied in new regional trade arrangements or have deepened the integrative potential of existing arrangements because they doubt their chances at competing effectively in the world trading regime outside of an alliance. Due to these and other factors, international trade is more likely to take place within trading arrangements than between unaligned countries. The past five decades have witnessed an explosion in regional trade arrangements worldwide amongst similarly situated—geographically, economically, and politically—countries. As noted by Ambassador Christopher R. Thomas, a former Organization of American States assistant secretary general, political independence and economic interdependence go hand in hand and this combination increasingly characterizes international trade.⁶⁰⁸ The EU and NAFTA are lauded as the models of regional trade integrative arrangements. However, smaller-scale trade arrangements—bilateral, preferential, and sub-hemispheric free trade agreements for example—are also becoming key players in international trade.

The Caribbean Community (CARICOM) is the primary instrument of Caribbean regional integration. It encompasses a secondary instrument of sub-regional integration,

⁶⁰⁸ www.oas.org/EN/PINFO/ASG/dominica.htm.

the Organization of Eastern Caribbean States (OECS), which is recognized as an Associate Institute within the Treaty of Chaguaramas that established CARICOM.⁶⁰⁹ CARICOM's mission is "to provide dynamic leadership and service, in partnership with Community institutions and Groups, toward the attainment of a viable, internationally competitive and sustainable Community, with improved quality of life for all."⁶¹⁰ CARICOM was established as the Caribbean Community and Common Market on 1 August 1973 by the Treaty of Chaguaramas, which was signed by the prime ministers of Barbados, Guyana, Jamaica, and Trinidad and Tobago. In February 2002, the treaty was modified as the Revised Treaty of Chaguaramas Establishing the Caribbean Community Including the CARICOM Single Market and Economy (the Revised Treaty) and CARICOM was reformulated as the Caribbean Community, incorporating a single market or CSME. CARICOM's secretariat is located in Georgetown, Guyana and its secretary-general is Edwin Carrington. The fifteen member countries are: Antigua and Barbuda, the Bahamas (a member of the Community but not the Common Market), Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago.

CARICOM has three pillars of regional integration: economic integration, functional cooperation, and foreign policy coordination. Economic integration implies a common market based on the principles of free trade, a common external tariff, commitment to the removal of non-tariff barriers to trade, harmonized fiscal incentives and free intra-regional capital mobility. Functional cooperation targets issues such as health, education, labor, finance, agriculture, industry, communications, transport,

⁶⁰⁹ Blake 2001, 482.

⁶¹⁰ <http://www.caricom.org>.

energy, mining and natural resources, science and technology, the law, information and women's affairs. Foreign policy coordination involves the negotiation of political and economic affairs with extra-regional countries and organizations.

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